

**REINFORCED BY
KORDSA®**

**KORDSA
GLOBAL
ANNUAL
REPORT
2014**

Our Vision

Agile Kordsa Global in High Value Businesses for Sustainable Growth

Pillar Initiatives

Operating Excellence

- Competitive Cost
- Product and Service Quality Leadership
- Lean and Agile Processes and Teams

Growth in Tire Industry

- New Products for High Performing Tires
- Profitable Growth for Tire Industry

Growth in Adjacent Industries

- Reinforcements for Composites Industry
- Reinforcements for Construction Industry
- Fibers for Alternative / Adjacent Industries

Foundations

Our Values

SHE

Ethics

Customer Focused

Open Minded

Results Driven

Global Collaboration

Continuous Improvement

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INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

Deloitte.

To the Board of Directors of

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

Report on the Audit of Management's Annual Report in accordance with Independent Auditing Standards

We have audited the annual report of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") for the period ended 31 December 2014.

Management's Responsibility for the Annual Report

The Group's Management is responsible for the preparation and fair presentation of the annual report which is consistent with the consolidated financial statements in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No. 14.1 of the Capital Markets Board ("the Communiqué") and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the Communiqué. On our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the consolidated financial statements.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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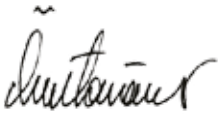
Opinion

In our opinion, the financial information is provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited consolidated financial statements.

Other Legal and Regulatory Requirements

In accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Company may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

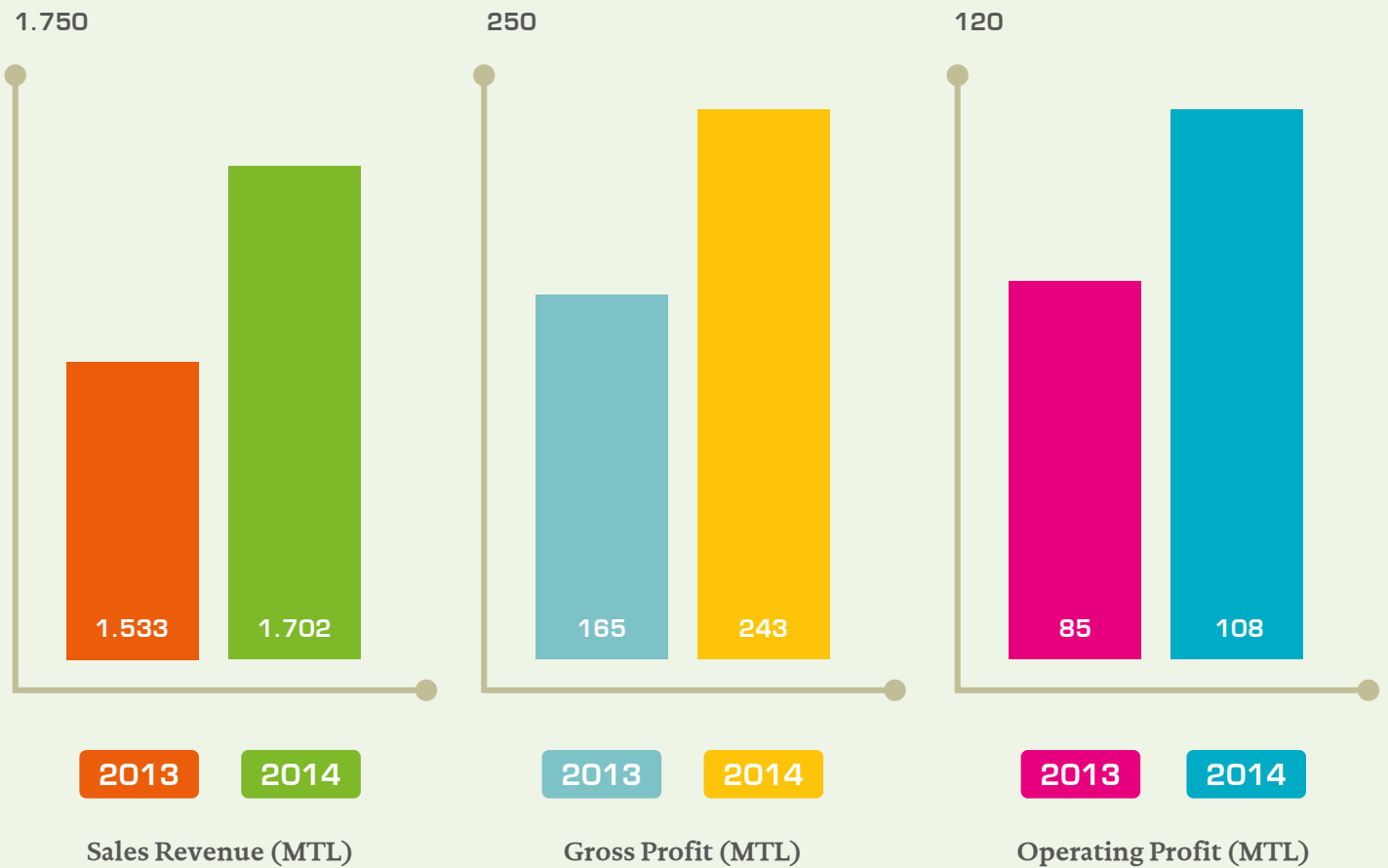
DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Ömer Tanrıöver, SMMM
Partner

İstanbul, 27 February 2015

“We increased our profit by 145 percent in 2014”



WE ARE REINFORCING TIRE

**WE ARE REINFORCING TIRE
THROUGH OUR REINFORCEMENT TECHNOLOGY
STEMMING FROM YEARS OF EXPERIENCE.**



2014 is a year of profitable growth which saw Kordsa Global getting stronger in its existing operations while entering new markets.

Tire Technology Expo 2014 11-12-13 February

Kordsa Global introduced a new cord fabric product developed with an environmental sensitivity under its “green products” program to the tire production and design industry in Tire Expo 2014.



Champion of Textile Innovation League Kordsa Global - 9 April

Kordsa Global was selected as the champion of Turkey Textile Innovation League among 248 competing technical textile projects at the 6th R&D Project Market organized by Uludağ Textile Exporters Association.



Kratos at Yapı-Turkeybuild Expo İstanbul 6-10 May

Kordsa Global introduced its new product Kratos in Yapı-Turkeybuild Expo, one of the 5 biggest construction exhibitions in the world for 37 years, at Tüyap Exhibition Center.



Export Champion Award to Kordsa Global 7 January

Kordsa Global was selected among the leaders of Turkish Textiles Industry and awarded with Export Champion Award aiming to support the Turkish export target of 500 billion in 2023 by Turkey Exporters Assembly (TIM).

Innovation Awards 11 January

Kordsa Global Invention Award Ceremony was held to encourage innovation.



Environment Award to Kordsa Global from Kocaeli, The City of Industry - 13 June

Kordsa Global received the 20th Şahabettin Bilgisu Environmental Awards for its utmost emphasis on human health and environment protection during the manufacturing processes.



Kratos at Yapı-Turkeybuild Expo Ankara - 23-26 October

Kordsa Global's time and cost saving new concrete reinforcement product Kratos met with the representatives of construction during Yapı-Turkeybuild Expo at Ankara.



Kratos at Yapı-Turkeybuild Expo İzmir 6-9 November

Kratos was introduced to the representatives of the construction sector in İzmir after İstanbul and Ankara.



The Institute of Internal Auditors – November

Kordsa Global's Internal Audit Department was certified as complying with the standards of International Internal Audit Standards based on a Quality Assurance Assessment. The Assessment was performed by an independent audit firm in accordance with the criteria set by the Internal Audit Institute.



Inauguration of the Indonesia Plant

Second tire cord fabric and polyester yarn plant was opened in Indonesia with a 100 MUSD investment making Kordsa Global the strongest player of its sector in the region.



Innovative Environment Friendly Product Award to Kordsa Global with its Resorcinol and Formaldehyde Free Dipping Technology by Istanbul Chamber of Industry - 5 December

Kordsa Global received the Innovative Environment Friendly Product Award in the 14th Environment and Energy Awards for its efforts on creating a greener and cleaner world.



R&D Center Performance Award in Textiles Sector - 10-11 December

In addition to taking the second place overall, Kordsa Global was granted "R&D Center Performance 1st Place Award" at the 3rd Private Sector R&D Centers Summit as a result of its increased research and development investments.



Composite Technologies Center of Excellence Ground Breaking Ceremony 19 December

In order to form Turkey's new and authentic "Industry-University Collaboration" the groundbreaking ceremony of the Composite Technologies Center of Excellence was held. This joint project of Kordsa Global and Sabancı University will create a breakthrough ecosystem consisting research, learning and production under the same roof for high value-added technologies.



Opening of Kratos Macro Production Line 30 December, İzmit

Kordsa Global carries its expertise and experience in advanced reinforcement solutions to concrete with its new concrete reinforcement product Kratos. Kratos Macro production line opening ceremony was held in İzmit plant.

“The companies of Sabancı Group are the leaders of the sectors they operate in.”



Sabancı Group in Brief

Sabancı Group companies currently operate in 16 countries and market their products in regions across Europe, Middle East, Asia, North Africa, North and South America. Sabancı Group, with its reputation, brand image, strong joint ventures, knowledge and experience on Turkish markets helped the company to further extend its operations in its main areas of operation and became a significantly powerful influence that contributes to the development of the Turkish economy.

Hacı Ömer Sabancı Holding A.Ş. is the main company to represent the subsidiary companies of Sabancı Group, one of the largest groups in Turkey. The main areas of interest of Sabancı Group are; financial services, energy, cement, retail and industry, which are the rapidly growing sectors of Turkey. The companies of Sabancı Group are the leaders of the sectors they operate in. Besides its own shares of Sabancı Group, the shares of its 12 other shareholdings are traded on Borsa İstanbul (BİST).

Sabancı Group companies currently operate in 16 countries and market their products in regions across Europe, the Middle East, Asia, North Africa and North and South America. Sabancı Group, with its reputation, brand image, strong joint ventures, knowledge and experience on Turkish markets helped the company to further extend its operations in its main areas of operation and became a significantly powerful influence that contributes to the development of the Turkish economy.

Sabancı Holding's multinational business partners include such prominent companies as Ageas, Aviva, Bridgestone, Carrefour, Citi, E.ON, Heidelberg Cement and Philip Morris. In addition to coordination of finance, human resources, strategy and business development functions; Sabancı Holding is in charge of determination of the Group's vision and strategies as well as increasing shareholder value through creating synergy among the group companies.

In 2014, the consolidated sales revenue of Sabancı Holding was TL 27.4 Billion (US\$ 12.5 Billion) with a consolidated operating profit (EBIT) of TL 5.1 Billion (US\$ 2.3 Billion). The Sabancı Family is Sabancı Holding's major shareholder group with 57.7% of shares. Sabancı Holding having the highest free float rate with 40.1% in BİST among holding companies, its depository receipts are quoted on the SEAQ International and Portal.

IN ADDITION TO COORDINATION OF FINANCE, HUMAN RESOURCES, STRATEGY AND BUSINESS DEVELOPMENT FUNCTIONS; SABANCI HOLDING IS IN CHARGE OF DETERMINATION OF THE GROUP'S VISION AND STRATEGIES AS WELL AS INCREASING SHAREHOLDER VALUE THROUGH CREATING SYNERGY AMONG THE GROUP COMPANIES.

27,4
BILLION TL

CONSOLIDATED SALES REVENUE

In 2014, Sabancı Group acquired a consolidated sales revenue of TL 27.4 Billion (US\$ 12.5 Billion)

WE ARE REINFORCING COMPOSITES

**WE ARE REINFORCING WITH CARBON FIBER
THROUGH OUR REINFORCEMENT TECHNOLOGY
STEMMING FROM YEARS OF EXPERIENCE.**



SAFETY, HEALTH AND ENVIRONMENT

We believe that all occupational and environmental accidents may be prevented. Our target is to create a 100% accident-free and safe work environment and to produce 0% waste.



COMMITMENT TO THE ETHICAL VALUES

We are 100% committed to our ethical values conducting our relationships with our employees, shareholders, clients, suppliers, business partners, competitors, environment and society.



CUSTOMER FOCUSED

We grow together with our customers who prefer us as their strategic technology partner and we offer them innovative, accurate and custom made solutions.



OPEN MINDED

Innovation is in our genes. We continuously develop new products, technologies and processes through our more than 40 years of experience.

RESULTS DRIVEN

As the leader of global Nylon 6.6 market and a company continuously creating value for its shareholders, we provide our customers with the highest quality services. Our technologies reinforce one car tire out of every three, one plane tire out of every two.



GLOBAL COLLABORATION

We retrieve our power from global cooperation benefiting from benchmarks of our factories spanning globally.



CONTINUOUS IMPROVEMENT

We continuously enhance all our processes within our organization through our customer focused approach and total quality management.

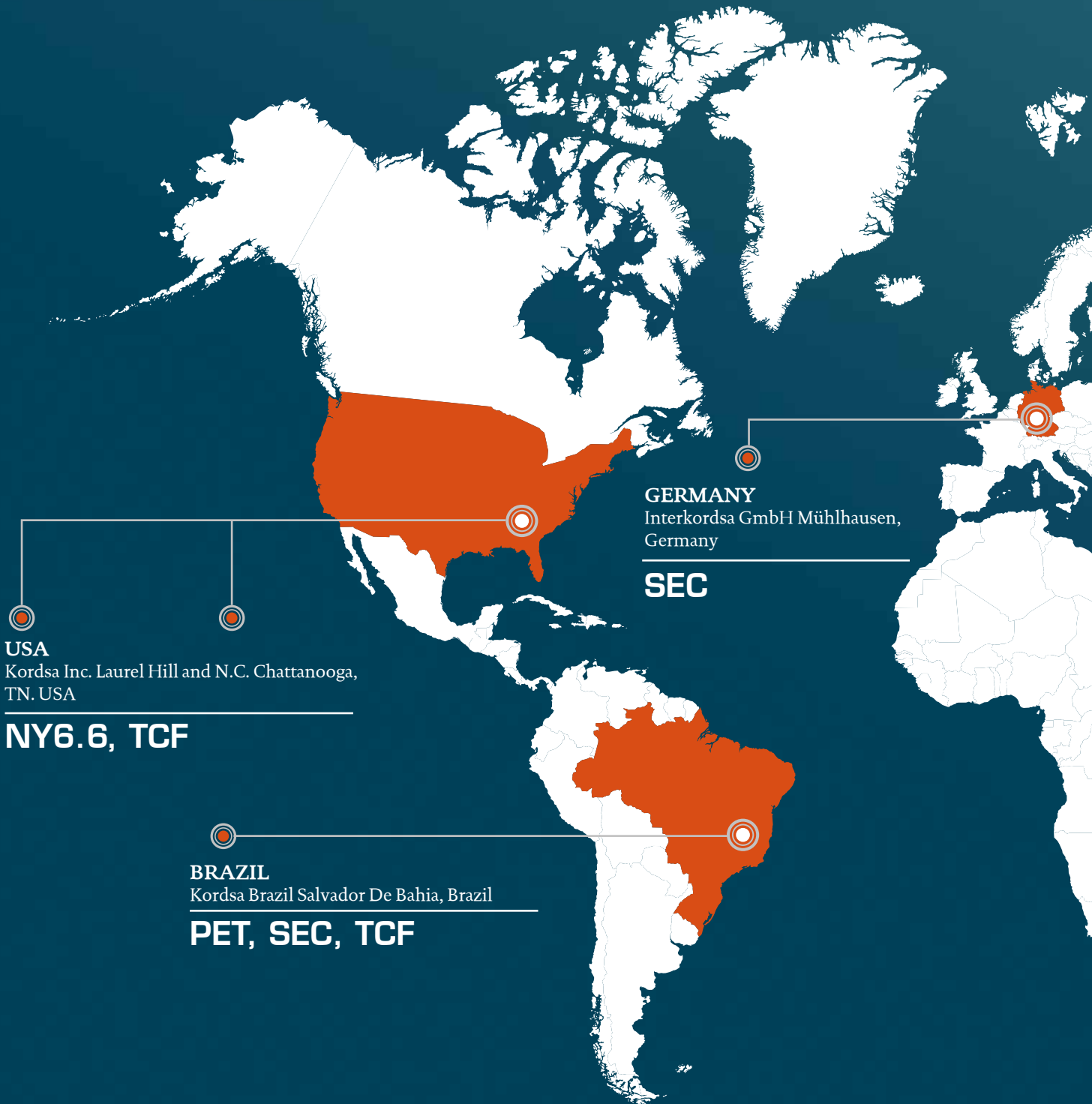
349 MILLION TL

ANNUAL TURNOVER,
NORTH AMERICA

214 MILLION TL

ANNUAL TURNOVER,
SOUTH AMERICA

In 2014 KORDSA GLOBAL secured a total annual turnover of 1,702 Million TL



699 MILLION TL

**ANNUAL TURNOVER,
EMEA**

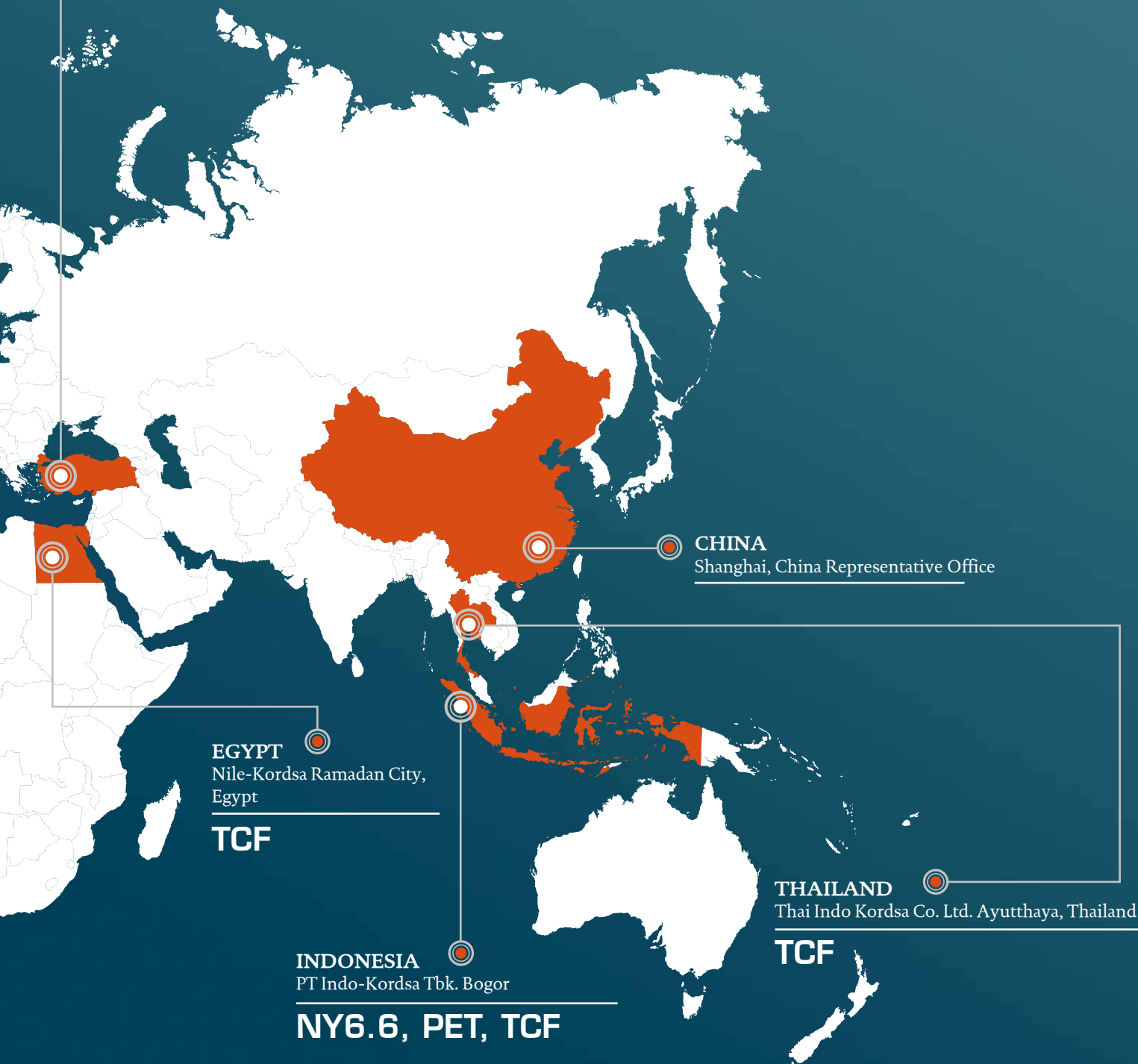
440 MILLION TL

**ANNUAL TURNOVER,
ASIA PACIFIC**

TURKEY

Headquarters İstanbul, Factory İzmit, Technology Center İzmit

NY6.6, PET, SEC, TCF, SnFR



CHINA

Shanghai, China Representative Office

EGYPT

Nile-Kordsa Ramadan City,
Egypt

TCF

INDONESIA

PT Indo-Kordsa Tbk. Bogor

NY6.6, PET, TCF

THAILAND

Thai Indo Kordsa Co. Ltd. Ayutthaya, Thailand

TCF

WE ARE REINFORCING CONCRETE

**WE ARE REINFORCING CONCRETE
THROUGH OUR REINFORCEMENT TECHNOLOGY
STEMMING FROM YEARS OF EXPERIENCE.**





ONE OF THE MOST
IMPORTANT MILESTONES
IN 2014 HAS BEEN
THE INAUGURATION
OF OUR SECOND PLANT
IN INDONESIA WHICH
REPRESENTS THE LATEST
LINK IN OUR CHAIN
OF INVESTMENTS IN ASIA.

MEHMET NURETTİN
PEKARUN

Chairman of the Board



Esteemed Stakeholders,

For Kordsa Global, 2014 has been a year of innovations and achievements marked by increasing profitability in its core business and a simultaneous ambitious entry into new markets to achieve sustainable profitable growth.

As in previous years, in 2014, our company continued to focus on production efficiency and cost competitiveness in order to maintain its leadership position in spite of the increasingly tough competition from Asian players. This approach and the “differentiation strategies” for both the manufacturing process and the products and services themselves helped it to achieve positive results in profitability.

Being aware that its market leadership and competitiveness are the result of not only its operational excellence, but also its closeness to the market and customers, Kordsa Global has reinforced its ties with its customers with an important project in 2014. As a result of the analyses and strategic workup that were carried out to better understand its customers and the market in line with its goal of achieving business excellence, Kordsa Global seized the opportunity to reanalyze the needs of each market segment it identified with its respective customers and the changing dynamics of the industry.

One of the most important milestones in 2014 has been the inauguration of our second plant in Indonesia which represents the latest link in the chain of investments we made in Asia. With this investment, we further strengthened our position in the Asian market with regard to closeness to market and our supply capabilities to our customers.

In 2014, Kordsa Global launched projects that strategically aim to increase its profitable growth target and made some important investments in the construction and composite markets. The production line of Kratos Macro which had specifically been developed for the construction market, became operational.

Another ambitious, novel and unique business model that aims at penetrating the composite market became official in 2014 with the groundbreaking ceremony of the Composite Technologies Center of Excellence, an investment located in İstanbul Teknopark. This is a leading step towards an Industry-University collaboration which not only conducts research, but is also involved in development, education, as well as production under the same roof.

One of the most established companies of our “Innovative and Entrepreneurial Industrial Group”, Kordsa Global’s goal is to increase the profitability of its existing business lines in 2015 by keeping its costs at a competitive level in a market with the same competitive conditions. On the other hand, it will maintain a sustainable profitable growth in both the tire and non-tire sectors with its innovative technologies and “reinforcing” mission.

On behalf of our Board of Directors, I would like to thank our employees who are working selflessly to boost the added value and aspiration of Kordsa Global in its sector; our shareholders for their relentless support; our customers, suppliers and all stakeholders for the trust they have vested in our company.

Respectfully yours

Mehmet Nurettin Pekarun Chairman

- Graduated from Boğaziçi University, Industrial Engineering Department.
- He received his Master's degree in Finance and Strategy from Purdue University.
- In 1993 he began his professional career at General Electric (GE) Transportation Systems division in the USA.
- Between 1996 and 1999 he was the Director of Finance responsible from Turkey, Greece then Eastern Europe at GE Healthcare division Europe.
- He worked as the Managing Director of GE Lighting Turkey between 1999 and 2000. Between 2000 and 2005 he moved to GE Healthcare EMEA Region headquarters, first working as Director of Business Development Unit and then as Managing Director of Medical Accessories.
- He was appointed as the CEO of Kordsa Global on March 1st, 2006 and as the President of Tire Reinforcement Materials and Automotive Group on September 20th, 2010 which was then restructured as Industrials Strategic Business Unit on March 1st, 2011.
- Mr.Pekarun is currently serving as the President of the Sabancı Holding Industrials Strategic Business Unit and he is also a board member of TUSIAD (Turkish Industrialists' and Businessmen's Association).

Seyfettin Ata Köseoğlu Member of the Board of Directors

- Ata Koseoglu received his undergraduate degree from the Bogazici University Department of Mechanical Engineering.
- Following that he completed his Master of Science studies at the Lehigh University, Department of Electrical Engineering and received his MBA degree from the Boston University School of Management.
- Mr. Koseoglu started his banking career at Iktisat Bankası and he was a member of the founding team of Finansbank where he held various positions as Executive Vice President until 1994 responsible for Investment Banking, Treasury and Capital Markets, Assets Management and International Relations.
- During 1994-1999, Mr. Koseoglu served as Managing Director at Bear Stearns in New York responsible for Investment Banking activities in Turkey, Greece and Egypt.
- Following that, he settled in Paris and assumed Managing Director role at Société Générale Investment Banking Group responsible for Turkey and Middle East where he was instrumental in developing the regional strategy of the Bank.
- During 2000-2005, Mr. Koseoglu served as Managing Director/CEO in London/Istanbul for Credit Suisse First Boston Bank and was responsible for corporate finance, project financing, capital markets, fixed income and derivative products.
- He joined BNP Paribas / TEB Group in 2006 as Chairman of the Board and CEO of TEB Investment, where he lead numerous mergers and acquisition during his assignment and was instrumental in securing the position of TEB Investment amongst top five brokerage houses in Turkey until joining Sabancı Holding in July 2011 as the Strategy and Business Development Group Head.



Atıl Saryal Independent Board Member

- Born in 1938 in Ankara, Atıl Saryal completed his elementary and high school education in Ankara and later received his engineering degree from the University of Texas.
- On his return to Turkey, he first began working in the banking industry, and then joined Sabancı Group. He served as General Manager at Adana Sasa and Marsa, and he was the President of Adana Chamber of Industry for 8 years.
- He was also Board Member at Philsa, Exsa, and Plassa. Mr. Saryal was later appointed as the President of Food and Retail Group, and served as Chairman of Kraftsa, Danonesa, Diasa, Carrefoursa, Marsa, and Sapeksa.
- In 2002 Mr. Saryal retired from his duties as Group President, and in 2004 from his duties as Chairman and Board Member. He also quit his Board Membership at TUSIAD (Turkish Industry and Business Association).
- Mr. Saryal currently serves as Independent Board Member at Kordsa Global, and also as Board Member and consultant at Akçansa, Olmuksa and Carrefoursa.

Bülent Bozdoğan Member of the Board of Directors

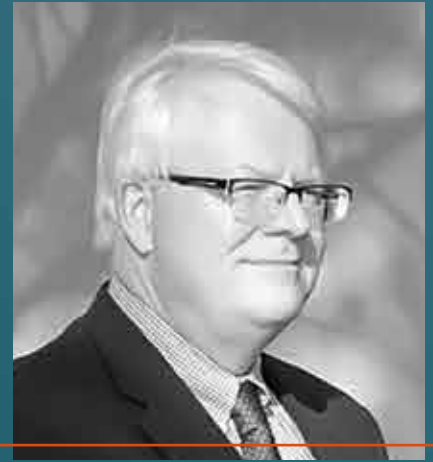
- Graduated from Middle East Technical University, Department of Business Administration.
- He has worked in audit, finance, purchasing and planning departments at PwC, Unilever, Brisa, Kordsa Global and Sabancı Holding's various domestic and international companies at management levels for 30 years.
- For the past year, Mr. Bozdoğan has served as President of Audit at Sabancı Holding A.Ş.
- He is also a Board Member and Secretary General for the Institute of Internal Auditing - Turkey.





Peter Charles Hemken Member of the Board of Directors

- Mr. Hemken graduated with distinction from Iowa State University in 1977 with a BS degree in Chemical Engineering.
- He earned an MBA degree from the Robins School of Business at the University of Richmond in 1982.
- Serving DuPont Company for 35 years, he worked as high level executive in all areas of business development and growth, as well as restructuring and turnaround situations.
- Peter led the formation, restructuring and growth of a major joint venture with Sabancı Holding A.S. of Istanbul, Turkey from 2000 to 2006 as chief executive officer of DuPont-Sabancı International (DUSA), more recently known as Kordsa Global A.S.
- Currently he runs his own business. Strategy Development Partners LLC provides strategy and business development consulting services for small and medium sized businesses and not-for-profit organizations in Central Iowa.



Neriman Ülsever Deputy Chairman of the Board of Directors

- Neriman Ülsever graduated from Boğaziçi University's Business Management and Operational Research departments in 1975.
- Commencing her professional work life at Turkish Airlines in 1973 and continuing her career in various roles, Ülsever took on various positions at Anadolu Bankası A.Ş., Emlak Bankası A.Ş., Group Sanfa and Impexbank, respectively.
- She worked as a Managing Partner in her self-founded company IKE Ltd from 1995 and specialized in human resources consultancy and training.
- When Indesit Company entered the Turkish market in 1995, Ülsever took on roles both within the group and on international platforms. She was the Eastern Europe and International Markets HR Director in Switzerland between 1999-2002 and Western European HR Director in France between 2001-2004.
- Between 2004-2006, she acted as the HR Director responsible for the World Trade Organization in Italy.
- Ülsever was then assigned as Indesit Company Group Global HR Director and Board Member in Italy between 2006 - 2010.
- Ülsever, a Board Member of Indesit Turkey since 1996, was appointed Indesit Turkey's Director of the Board from 1 January 2011 and on 16 May 2011, was appointed as Sabancı Holding Human Resources Chief of Department. She continues both roles simultaneously.



Hüsnü Ertuğrul Ergöz Independent Board Member

- Hüsnü Ertuğrul Ergöz graduated from Robert College, Department of Chemistry in 1963.
- He received his Master's degree from Middle East Technical University (METU) in 1965 and his PhD degree from Florida State University in 1970.
- Between 1972 and 1976, Mr. Ergöz was a professor at METU, Department of Chemistry.
- He began his professional career as Technical Studies and Projects Specialist at Kordsa and later assumed various roles within Sabancı Holding and its companies, such as Brisa.
- Mr. Ergöz retired from his latest position as General Secretary of Sabancı Holding in 2003.
- After his retirement, Mr. Ergöz served as Board Member at Pressan A.Ş. and he currently carries out studies on "Institutionalization of Family Businesses".





IN 2014,
KORDSA GLOBAL
BECAME EVEN
STRONGER BY
“REINFORCING”
OTHERS

CENK ALPER

CEO



Esteemed stakeholders,

We are extremely pleased to inform you that our company closed 2014 with a considerable profit. We spent the year further growing in the existing markets and investing in new ones. We increased our profits by 145 percent.

We owe our profitability to our operational efficiency and to the discipline and business excellence in our internal processes that we have been working on for some time. In particular, we were able to effectively control our overhead expenses. Today we are reaping the fruits of this strategy. Despite the volatility in the global economy and the increasing contraction in the sector associated with that, we managed to improve the efficiency of our internal processes and achieved positive financial results thanks to our lean and agile teams. While increasing our profitability in 2014, we also made new investments in the tire industry to reinforce our current position in the market.

Due to the volatility in the global economy today, the shift in production from the West to the East and the increasing number of Asian players in the market, we focus all our efforts on becoming a “Kordsa Global that differentiates itself from the competition”. In line with our strategic decision to reinforce our investment in the tire sector, we added an 18-kiloton Tire Cord Fabric plant and an 18-kiloton third and fourth-generation polyester HMLS yarn factory with a total value of USD 100 million to our existing investments in Indonesia at the beginning of 2015.

In 2014, we also decided to make use of our experience of more than 40 years in new markets. As we positioned ourselves as reinforcement experts, we started offering products to the construction and composites

markets which we consider adjacent industries. Building on the progress obtained, we used the fiber technology developed over the years to create a concrete reinforcement fiber for the construction sector under the brand name Kratos. Thus, the Kratos Macro production line became operational at the end of 2014. Another outcome of this strategy is the Composite Technologies Center of Excellence created in collaboration with Sabancı University, the groundbreaking ceremony of which was held with the participation of our Prime Minister Mr. Ahmet Davutoglu and Chairman of Sabancı Holding, Ms. Güler Sabancı at the end of the year.

In 2014, we continued our emphasis on innovation and new products and increased our contributions to the positive reflections of this onto the national economy and technology. As the leader of technology in the industry, we continued to ascribe great importance to our R&D center, and as in 2013, our R&D center was awarded once again with the first prize in the textile industry by the Ministry of Science, Industry and Technology from among other private sector R&D centers in 2014. I am thrilled to share with you this good piece of news which we are rightfully proud of.

We are also delighted to announce that we signed the United Nations Global Compact.

On behalf of the Kordsa Global management team, I would like to extend my gratitude to our shareholders for their trust and support throughout this process; to our employees for their dedicated work and contributions; to our clients for putting their faith in us and their ongoing support in our endeavor to achieve better results and finally, to our suppliers and all other stakeholders.

Sincerely



Bülent Araslı Vice President, Sales

- Graduated from Middle East Technical University with a BA degree in Business Administration in 1982 and continued his education with the MBA program at Bosphorus University.
- He started his professional career in 1982 as an Export Specialist at Çukurova Foreign Trade Co.
- He continued his career in M.A.N. Bus and Truck Co.
- He joined Kordsa in 1986 as an Export Specialist. Took responsibilities in marketing and sales.
- In 2000, he was assigned as Europe, M. East & Africa Region Marketing and Sales Director.
- Between 2005 and 2009, he worked as Single End Cord Global Business Director and General Manager of Interkordsa GmbH and Kordsa GmbH in Germany.
- Between 2009 and 2010 he assumed Global Accounts and Market Intelligence Director position.
- Since October 2010, he has been holding the position of Vice President, responsible for sales.

Ali Çalışkan Vice President, Operations

- Received his BSc degree from Middle East Technical University, Mechanical Engineering Department in 1983.
- Started his professional career in Soyut Holding as Project Engineer in 1984.
- Joined Kordsa Turkey in 1986 as Technical Office Engineer.
- After the establishment of Dusa (SA-DUPONT Joint Venture) in October 1987, he was transferred to Dusa as Project Engineer.
- Starting from 1989, he assumed managerial roles in polymer production, yarn production, engineering maintenance and support, project and production departments of Dusa and Kordsa Turkey. In 2005, he was promoted as Operations Director, Kordsa Turkey.
- In 2009 he was appointed as Operations Director, Kordsa Turkey & Nilekordsa.
- From March 2010 to June 2013, he held the position of Operations Director, of Indo Kordsa and Indo Kordsa Polyester.
- Since June 2013, he works as the Vice President in charge of operations for Kordsa Global.

Cenk Alper CEO

- Graduated from Middle East Technical University, Mechanical Engineering Department in 1991, and received his MSc degree from the same department in 1994. He later went on to complete an Executive MBA at Sabancı University in 2002.
- He started his professional career in 1996 as a Process Engineer at Beksa and continued working at various managerial positions within technology and production departments.
- After working at Bekaert Technology Center (Belgium) as a Project Manager, where he was appointed in 2002, he assumed Plant Director position in Tennessee/USA, overseeing plants in North and South America. He subsequently returned to Belgium as the Technology Centre's Product Development Director.
- He joined Kordsa Global in 2007 as Global Technology Director
- He worked as the Vice President responsible of Technology and Market Development between 2009 and 2010.
- Between October 2010 and June 2013 he served as Vice President responsible of operations.
- He was appointed as CEO in June 2013.



Sibel Raif CMO

- Graduated from Boğaziçi University, Business Administration and Management; received her MBA degree from Washington University.
- She started her professional career at P&G as Market Research Assistant and then transferred to GFK as Account Manager. Later, she worked at Monsanto Turkey as Marketing Manager.
- She joined Kraft Foods and took higher up responsibilities between 2000-2011.
- In 2011 she transferred to Goodyear and worked there as Sales and Marketing Director.
- She is continuing to work as CMO at Kordsa Global since 2014.

İbrahim Özgür Yıldırım CTO

- He received his BSc degree from METU, Chemical Engineering Department and his MBA degree from Sabancı University in 1993 and 2005 respectively.
- He started his professional career at Rafine Chemicals in 1994 and worked in different manufacturing companies.
- Between 1998 and 2007, he served in Sakosa as Technical Engineer and Production Engineer.
- He was appointed as Technical Manager at Kordsa Turkey in 2007.
- In 2008, he was transferred to Global Technology Center as New Product Development Manager. In 2009, he was appointed as New Product and Process Development Director.
- In 2011, he was appointed as Technology Development Director.
- Since October 2013 he has been working as the Chief Technology Officer.

Hakan Öker Vice President, Human Resources and Information Technologies

- Graduated from Hacettepe University's Department of Sociology in 1986.
- He started his professional career in 1988 as a Personnel Specialist at Beksa, Bekaert- Sabancı Çelik Kord Steel Cord Plc.
- After assuming various responsibilities in Beksa between 1988 and 1998, he continued his career as Human Resources Director at Kordsa Turkey, Quality and Information Systems Joint Services Director and then Projects Director within the Tire, Tire Reinforcement Materials and Automotive Group.
- In January 2007, he was appointed as Global Director of Human Resources.
- Hakan Öker was appointed as Vice President responsible for Human Resources and Information Technologies In January 2009.

Fatma Arzu Ergene Vice President, Finance and Sourcing

- Graduated from Marmara University Department of Business Administration in 1991 and completed her MBA in 1993 at Loyola University of Chicago.
- Joining Kordsa Global in 1994 she served, between 1994 and 1999 as Marketing Specialist, between 1999 and 2005 as the Finance Manager, between 2005 and 2009 as EMEA Finance Director and between 2009 and 2013 as Global Purchasing Director.
- She was appointed as Vice President, Finance and Purchasing as of June 2013.

Reinforced by Kordsa

Tunnel
Segmental Linings

Macro
Synthetic Fiber
Reinforcement
for Concrete

macro
KraTos[™]

- Eliminates Steel Mesh Laborship
- Saves Construction Time up to 30%
- Non-corrosive, Builds Long Term Durability in Structures
- Non-conductive, Electrical Safety in Railways and Subways
- High Melting Point, Keeps the Structural Integrity of the Lining After Fire Situation

Slab Track

Shotcrete &
Final Linings

Concrete
Roadway

Shrinkage
Control

micro
KraTos™

WE MAINTAIN OUR COMPETITIVE EDGE BY DECREASING OUR PRODUCTION COSTS WITHOUT COMPROMISING FROM OUR SERVICE QUALITY THROUGH OUR UNDERSTANDING OF OPERATIONAL EXCELLENCE;

WE CREATE VALUE

FOR OUR CLIENTS WITH OUR INNOVATIVE PRODUCTS.



USA



BRAZIL



EGYPT

TURKEY



THAILAND



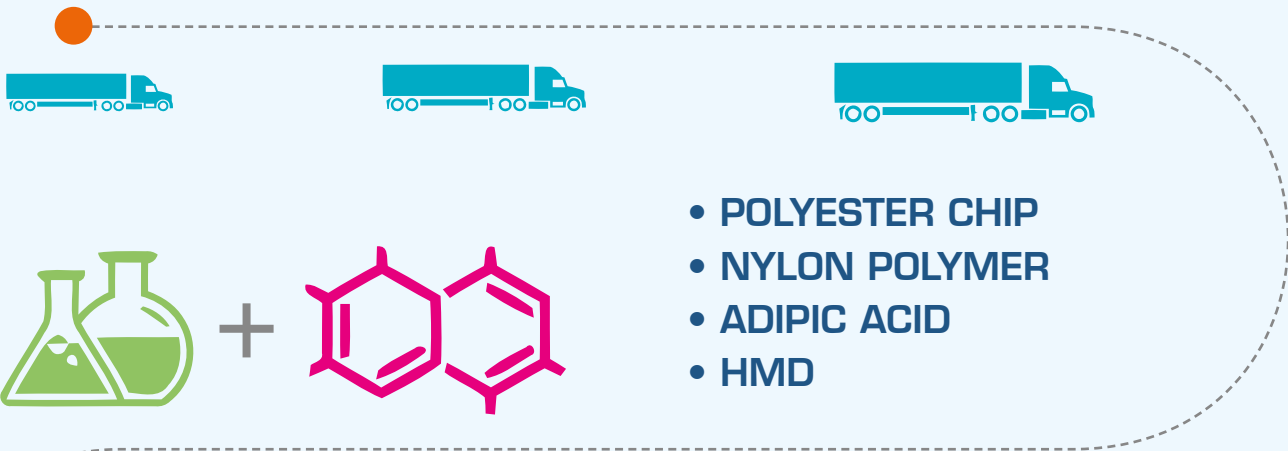
GERMANY



INDONESIA



RAW MATERIAL



PRODUCTION



PRODUCTS

Nylon 6.6 Products

- Kordsa® T728
- Kordsa® T802
- Kordsa® T728 SEC
- InterCord®**
- Kordsa® SA164
- Technical Yarn
- Kordsa® SA147
- Airbag Yarn

PET HMLS Products

- Kordsa® 2G-HMLS
- Kordsa® 3G-HMLS
- Kordsa® 4G-HMVL
- AA&NAA

Kordsa® Specialty Products and Technologies



InterPlast®

2014

MARKETING COMMUNICATION ACTIVITES



2014 Opening and Groundbreaking Ceremonies

Inauguration of Indonesia Polyester Yarn and Cord Fabric Plant and groundbreaking ceremony of the Composite Technologies Center of Excellence were shared with the public through 16 national newspapers.



Santek 2014 2nd Eastern Marmara Industry and Technology Expo 25-28 September

Kordsa Global participated Santek 2014 in Kocaeli where local and international technology and manufacturing companies meet with its innovative products and technologies.



Turkey Innovation Week 4-6 December

This year, Turkey Innovation Week 2014 Istanbul was organized for the third time and Sabancı Holding Industry Group President and Kordsa Global Chairman Mehmet Nurettin Pekarun gave a speech about "Enabling Sustainable Innovation in Industry".



China Rubber Industry Association Conferences (CRIA) 25-29 March

Kordsa Global, leading supplier of tire reinforcement and rubber markets met with Chinese tire manufacturers and sponsored China Rubber Conference organized by China Rubber Industry Association (CRIA) on 25-29 March held at Qingdao. At the second day, Kordsa Global organized a lunch and met with more than 600 company representatives.

Since 2006, China Rubber Conference is China's biggest international and professional event on rubber and it has 3 thousand participants from 20 countries.



11th International İstanbul Yarn Fair 26-29 March

Kordsa Global participated the biggest global gathering of the yarn industry at Tüyap Expo.



Design Award to "The Reinforcer" Magazine from the Turkish Society of Graphic Designers

Published for all Kordsa Global stakeholders around the world, The Reinforcer was awarded with the first prize in periodicals category by the Turkish Society of Graphic Designers.

Kordsa Global is the leading supplier of high-density Nylon 6.6 and polyester (HMLS and technical) yarns, industrial yarn, cord fabric and single end cord products and the company's major customers include manufacturers of automotive tires and mechanical rubber goods.

The company supplies its customers on a global scale with products that it manufactures to be used in a variety of applications including automotive tires, air springs, hoses, V-belts, ropes and cordage. In 2014, Kordsa Global used its "Reinforcement Solutions" to enter the construction market with its concrete reinforcement product Kratos and the composite market with its carbon fabric production.

CARBON FIBER WOVEN FABRIC

TIRE REINFORCEMENT

Yarn

Kordsa Global is the global leader of the Nylon 6.6 yarn market and stands out as one of the leading players in the polyester yarn market. The yarn portfolio of Kordsa Global consists of high-resistance, high-density industrial nylon yarn (940 dtex and above), high-resistance industrial HMLS and high-density technical polyester yarn (1100 dtex and above). Basic applications of the yarns include cord fabric, industrial fabrics, chafer fabrics, single end cord, safety belts, ropes and cordage.

Cord Fabric

At its hi-tech facilities, Kordsa Global processes Nylon 6.6, polyester (HMLS and technical), rayon and aramid yarns to produce cord fabric which lends tires strength and flexibility.

Single End Cord

Single end cord production uses a variety of synthetic yarns such as nylon, polyester, aramid, rayon, and yarns containing natural fibers. Pursuant to customer specifications, these yarns are spun in single or multiple-ply and later cured to the required adhesion and physical properties.

Capmax[®]

Capmax[®] is a ready-to-use textile reinforcement product that can be applied directly without the need for rubber coating at the tire manufacturing unit. Capmax[®] eliminates the need for compound work up, calendaring and slitting processes in the standard cap ply, and thus, decreases production costs and increases efficiency. By eliminating the need for rubber coating, Capmax[®] reduces the total rubber content of the tire, which translates into a cost advantage, as well as contributing to a reduction in rolling resistance and fuel consumption.

The potential market for Capmax[®] is the Global Light Vehicle Tires Market, where cap ply is utilized.

For the tire industry, the material approval process starts with long and detailed approval tests. At later stages, the field performance of the tires in use is monitored for a certain period of time until a final market approval is obtained.

Low-speed tires constitute the lowest risk segment of cap ply strips with regard to product approval. As the profit margin of tires with smaller rim sizes is relatively low, it is essential to minimize the production costs.

With a share of approximately 80% in the total tire market, the replacement tire business offers an additional potential of high volume sales due to its scale advantage. Strategically, Capmax[®] targets local manufacturers in developing and emerging regions that aim to increase

their production capacities without the need for additional investments in their existing coating processes. Following the introduction of the product in 2013, the customer portfolio was expanded, the approval process initiated, and market penetration efforts were stepped up.



Hybrid Cord Solutions

Cords that are formed by plying two or more different types of materials together are referred to as "hybrid cords".

Products that consist of hybrid cords are commercially offered to the industry under the brand name "Twixtra[®]". In this line of products, the Aramid Nylon 6.6 hybrid cord is the most popular system. The product of choice of automotive manufacturers for high-performance tires is the Aramid/Nylon 6.6 hybrid cord product.

In 2014, Kordsa Global stepped up the sales of Twixtra[®], virtually the lightest hybrid cord product in the world and achieved expected sales volumes. This product is much lighter than its predecessor and thus, it allows the tire to be produced with fewer raw materials and lighter weight tires allow for reduced fuel consumption. The existing product design is offered only by Kordsa Global which differentiates it from its competitors.

MONOLYX®

Protective Tire Shield

Cord structures that are formed by plying monofilaments together are commercially offered under the brand name "Monolyx®". Currently, the product is used on carting tires. In 2013, application of the product in truck tires revealed significant advantages. The use of Monolyx® in "cargo" tires is associated with a reduction by 5% in rolling resistance. This translates into an average annual return of 15% per tire.

In case of dumper trucks, it has been shown that tire integrity is maintained especially in tough road conditions and tires sustain less damage. The client approval process for both applications is underway.

Another major feature of Monolyx® is its resistance to cutting. With 2.5 times higher resistance profile compared to ordinary textiles, Monolyx® will be used as a protective layer in aircraft tires.

Kordsa® SA164 Technical Nylon

Kordsa is making extensive use of its experience in industrial yarn production in other types of technical textiles production. Leading fabric, protective textiles, net/rope, chopped fiber/flock manufacturers in Turkey and Europe have been contacted and orders are already taken for Polyamide 66 fibers that feature a high strength and wear resistance profile.

Kordsa® Nylon 6.6 Products

Kordsa® T728
Yarn: T728
Polymer: PA66
Kordsa® T802

T802 cord fabric is mainly used in aircraft tires. Kordsa Global is the market leader in this area.

Product highlights include:

- Light-weight
- High processability
- Durability
- Enhanced safety
- High load capacity

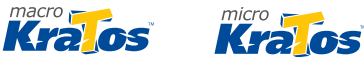
Areas of application:

- Cap ply strip material for passenger cars and light commercial vehicles
- Carcass, reinforcement strip materia

Kordsa® T728 SEC InterCord®

T-728 SEC is a multi-filament PA66 yarn product specially engineered for advanced industrial solutions. Its enhanced physical properties provide a superior mechanical yarn quality. It is extensively used in the production of modular tires. Other applications include hoses, air springs and V-belts.

CONCRETE REINFORCEMENT



The Kordsa Global Construction Reinforcement Business Unit was set up in the second quarter of 2014 and is involved in market research and technology development for the production of construction reinforcement products. Kordsa Global has merged its expertise in industrial fiber technologies with its reinforcement mission and introduced the brand KraTos, the first product of the Construction Reinforcement Business Unit. KraTos is a new, concrete reinforcement synthetic fiber for the construction industry.

Together with Akçansa and Çimsa, KraTos was awarded with the First Prize in the Corporate Synergy Subcategory of the Golden Collar

Awards of the Sabancı Group in April 2013, and became the first domestic product in the national fiber market, which has a volume of

approximately 3.500 tons. While enhancing the carrying capacity, resistance and strength of concrete, KraTos also prevents fracture formation. With these attributes, KraTos Structural Macro Synthetic Fiber Reinforcements are used in place of steel mesh and steel fibers in various infrastructure and superstructure construction projects.

The production line of KraTos Macro was in 2014 and optimization tests are under way. The installation of the KraTos Micro-packaging line is scheduled for the first quarter of 2015.

As of the second quarter of 2014, tests conducted by the Civil Engineering Department of the Istanbul Technical University on concrete reinforced with KraTos Macro Synthetic Reinforcement products were concluded, and the CE Marking was obtained.



COMPOSITE REINFORCEMENT

One of the business lines Kordsa Global recently started to invest in is composite reinforcement materials. Main business activities include weaving high-strength composite reinforcement materials such as carbon, aramid and s-glass; developing resins; manufacturing pre-preg and developing applications for those materials in different industries.

In the first phase, the weaving machine investment has been completed. Kordsa Global has now the capability to weave

uni- or bi-directional carbon, glass or aramid fabrics between 200 g/m²-1500 g/m² in four different weaving types (plain, twill, harness satin and basket).

Additionally, the product portfolio also includes hybrid fabrics where two different types of yarn can be used. Following customer specs, the company can produce woven fabrics at widths between 150 mm and 1700 mm using 1K to 50 K carbon fiber yarns and can offer alternatives to its customers thanks to its wide range of

products. On December 19, 2014, Kordsa Global also laid the foundation of the "Composite Technologies Center of Excellence" which is set to become one of the rare development centers in the world.

Global Markets

2014; DESPITE A STRONG FIRST HALF, SECOND HALF MARKED BY AN INCREASINGLY SLUGGISH GLOBAL ECONOMY.



An economic growth that exceeded expectations in the first half of 2014 was followed by an increasingly strong contraction. Global annual growth was 3.3% with the greatest contribution coming from the Asia-Pacific region.

Affected by the contraction in the second half of the year, the economies of Western Europe, Russia, Brazil and Argentina performed below world average. The US, on the other hand, recovered better than anticipated, while the remaining major economies, Japan in particular, fell short of expectations.



Kordsa Global is maintaining its global leadership position in the market for high-density Nylon 6.6 yarns and cord fabric with a market share of 34%. Moreover, it is the world's second largest supplier of polyester cord fabrics with a market share of 10% in the HMLS polyester market.



The jump-start in tire sales in the first half of the year was followed by a sharp drop in the second half. A positive trend was observed in original equipment tire sales in the European and US markets owing to increasing automotive sales, however, there was a decline in demand for retreaded tires. Exports to Europe and the US from Asia showed an increase.



The increased demand for light commercial vehicle tires translated into an expansion in the tire textile reinforcement market by 3.4% in 2014. The gradual decline in demand that started in the second quarter of the year resulted in increased stock levels among reinforcement material manufacturers, particularly among players from Asia, and brought along a fierce price competition.



In 2014, the global Light Commercial Vehicles Market reached an annual sales volume of 92 million units, with sales in especially Eastern Europe and Brazil significantly below expectations. The greatest contributor to market growth was China while the recovery of the European and US markets played a role in global growth as well.



Thanks to the drop in oil and other raw material prices and by focusing on profitable product lines and investing in operational efficiency, tire manufacturers were able to improve their profitability. Competition in the tire market, however, continued to intensify because of the eagerness of Asian manufacturers to grow.



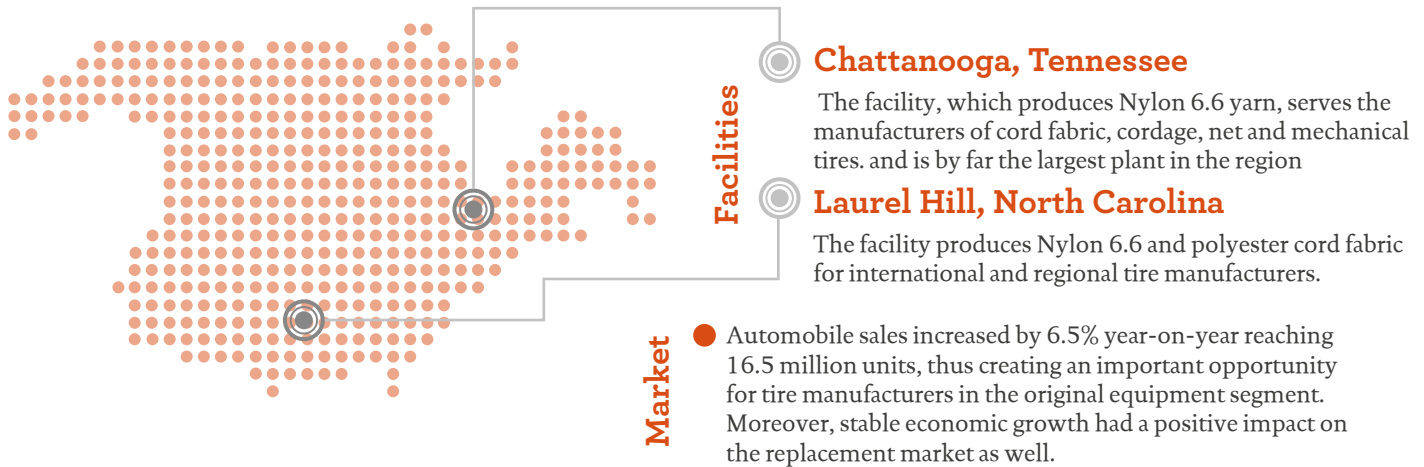
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DO U FAT #1
8060 381-01-00



Our Regions and DEVELOPMENTS IN THEIR RESPECTIVE MARKETS

North America Region

Number 1 manufacturer in the US, Canada and Mexico.



South America Region

Facilities

Brazil:

The only Nylon 6.6 and polyester cord fabric manufacturer in Latin America.

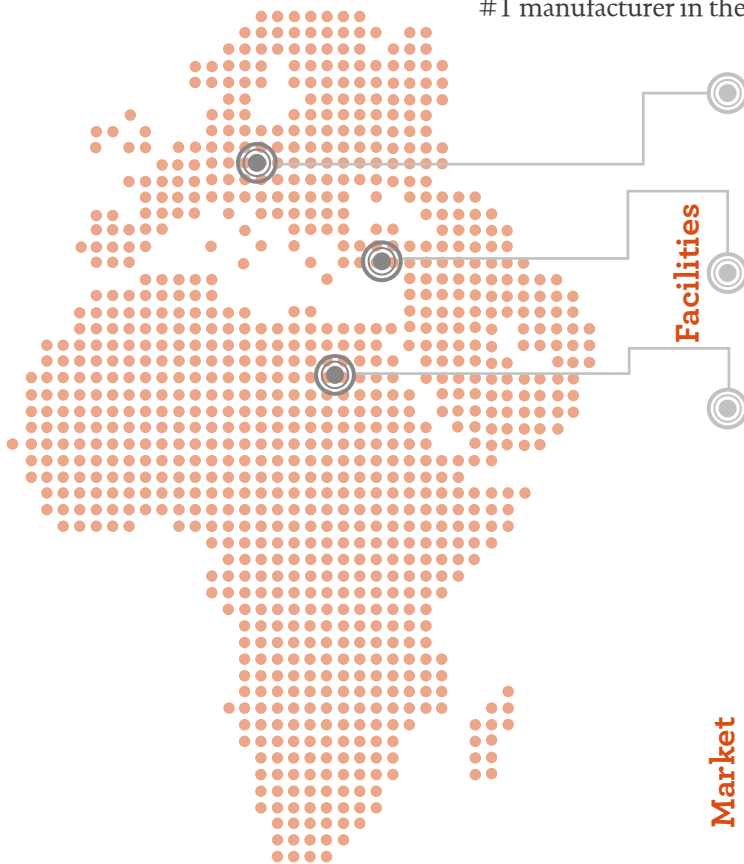
The plant has a large market share among all the tire manufacturers in the region.

Market

- Kordsa Global has been consistently increasing its sales in the region and is the preferred main supplier for new tire investments taking place in the region..
- Intense competition from Asia, especially from Vietnam, South Korea and China, exerts a certain pressure on pricing and sales volumes.
- In 2015, we expect the market to maintain the level of 2014, and Kordsa Global to further increase its market share.

EMEA Region

#1 manufacturer in the EMEA region.



Interkordsa, Germany

One of the largest plants in the world that produces single end cord which is widely used in the production of high-performance passenger car tires as well as mechanical rubber products such as power transmission belts and high pressure-resistant hoses.

İzmit, Turkey

The largest integrated plant of Kordsa Global that supplies local and global customers.

Nile Kordsa, Egypt

Produces cord fabric for local and global tire manufacturers in Africa, the Middle East and Near East.

Market

- A strong demand in the first half of 2014 was followed by a gradual slowdown in the second half. The light vehicle market in Western Europe grew for the first time after the crisis in 2009 by 5% while Eastern Europe performed relatively poorly due to geopolitical conflicts. Major fluctuations in foreign exchange rates influenced market dynamics and customer behavior.
- Russia, the third largest automotive and tire market in Europe, performed below expectations and demonstrated a weak market structure.
- Due to the slowdown in growth and overcapacity in the Asia-Pacific region, products from Asian cord fabric and yarn manufacturers have intensified the competition.

Asia-Pacific Region

Facilities: Indonesia, Thailand
Representative office: China

Facilities

Indo Kordsa, Indonesia

The facility supplies major global tire manufacturers, as well as rapidly growing local tire manufacturers. The plant manufactures Nylon 6.6, polyester yarn and cord fabric.

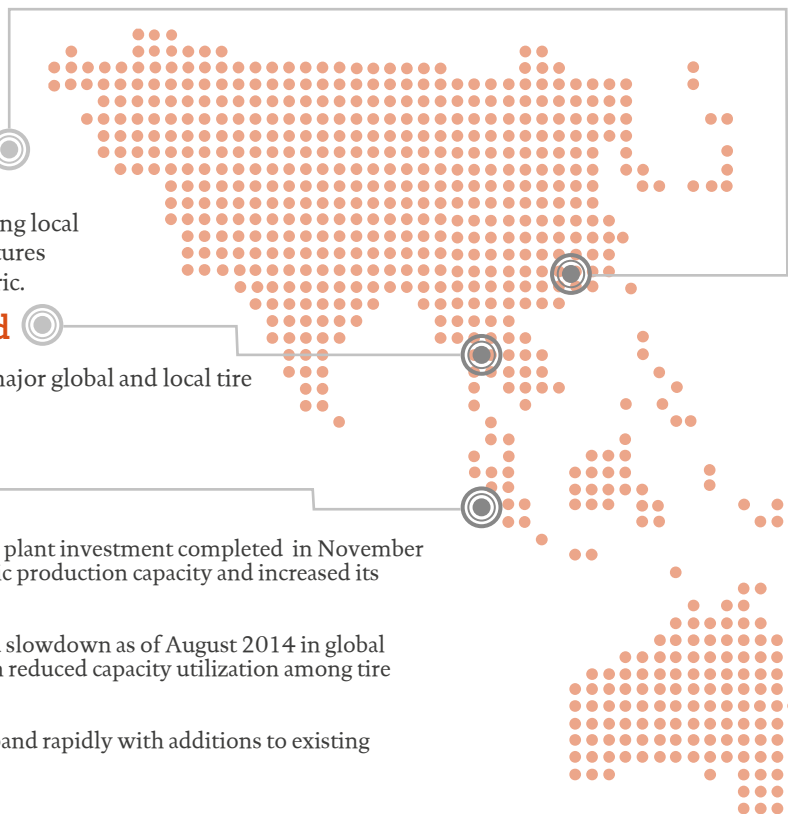
Thai Indo Kordsa, Thailand

The facility is the main supplier of all major global and local tire manufacturers in Thailand.

China Sales Office

Market

- With the new cord fabric and polyester yarn plant investment completed in November 2014, Indo Kordsa has doubled its cord fabric production capacity and increased its polyester yarn production by 50%.
- A strong first half in 2014 was followed by a slowdown as of August 2014 in global economy including China, which resulted in reduced capacity utilization among tire manufacturers in the Asia-Pacific region.
- The Indonesian tire market continues to expand rapidly with additions to existing facilities and new investments.

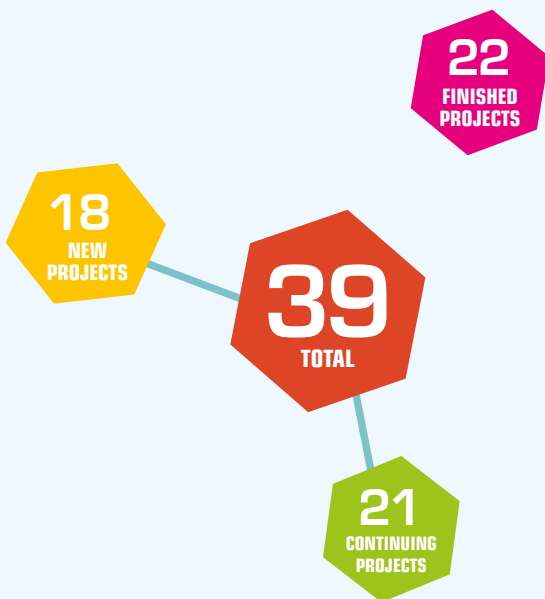


THE MOST SUCCESSFUL R&D CENTER!

Projects

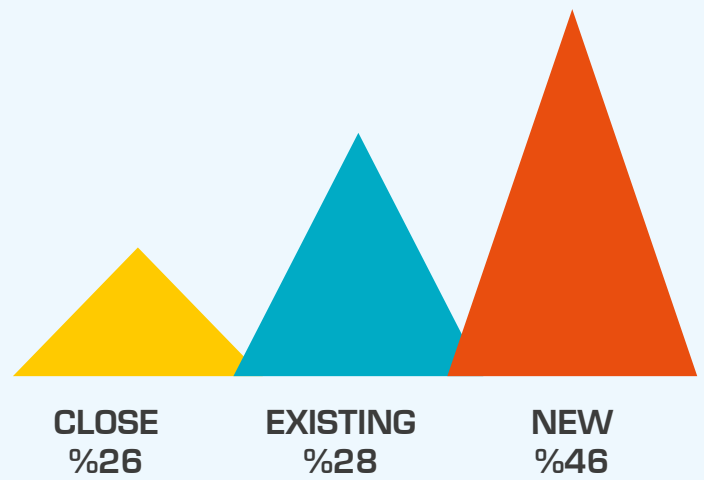
Kordsa Global was ranked as the most successful R&D center in the textiles industry by the Ministry of Science, Industry and Technology for the second year in a row.

Since its establishment in 2007, the Kordsa Global R&D Center has been conducting intensive research and development activities striving to develop new products, processes and technologies for the industries it operates in, as well as adjacent sectors and potential markets to maintain its leadership. The majority of R&D activities are geared to offer new technologies and competencies to the industry.



In 2014, the Ministry of Science, Industry and Technology evaluated the performance of R&D centers based on project portfolio capacity which is calculated considering the budget allocated to the projects and project volumes and Kordsa Global was ranked number 1 among all R&D centers in Turkey. In the Intellectual Property Competence category, Kordsa Global R&D Center climbed up three ranks to 3rd place and became one of the strongest local companies with regard to intellectual property infrastructure.

Sectors Targeted By The Technologies Developed



Staffed with highly qualified employees, the Kordsa Global R&D Center runs joint projects with leading universities in Turkey and in the world.

In 2014, the center was involved in various collaborative projects with Sabancı University, Boğaziçi University, Kocaeli University, Yıldız Technical University, Izmir Technology Institute and Tokyo Institute of Technology. In addition to 21 ongoing projects related to material, process and product development, the R&D center launched 18 new projects and concluded 22 projects in 2014. In 2014, the mid-term audits of 6 TUBITAK-TEYDEB projects, one of which is internationally-funded, were successfully completed.

In the Kordsa Global corporate culture, the R&D center is not just a center for research and development, but rather a business unit with a total of 78 employees. Driven by the experience of Kordsa Global; ideas, studies and development activities are transformed into brand new products and processes.

After Capmax, Twixtra, Monolyx and Hartech, our new concrete reinforcement material Kratos was introduced to the market in 2014 and enabled Kordsa Global's leap into a new market with an innovative product.

The New Structure of the R&D Center

In line with Kordsa Global's vision to penetrate new lines of business, the R&D center was restructured on 7 platforms to create a more active and unconstrained working environment in 2014.

1. Chemicals Platform
2. Industrialization and Approvals Platform
3. Rubber Reinforcement Platform
4. Yarn and Construction Reinforcement Platform
5. Global Quality Platform
6. Composite Reinforcement Platform
7. Global Engineering Platform

These platforms will work in coordination with the Intellectual Property and Projects division.

Intellectual Property

With our new patent applications in 2014, the number of patents in our portfolio which are mostly international, has increased to 176. 15 of those new patent applications are national and 14 are international covering Europe, the US, Korea, Japan, Thailand, Brazil, Indonesia and China. In addition to 5 existing applications that are pending, 50 patent applications from previous years were officially published in 2014. Moreover, trademark applications were filed with the Turkish Patents Institute for 3 new products.

Our Legal Department continues to make sure that Kordsa Global's intellectual property rights are protected through Confidentiality Agreements in collaborations, joint research and development activities and projects with national-international partnership our R&D Center is frequently involved in.

Turquality Incentive Program

Kordsa Global continued to be part of the Turquality Incentive Program with its Kordsa® brand. The amount of incentives allocated to our company in 2014 increased by 36% compared to the record-breaking allocation from the previous year. The Turquality Incentive Program launched by the Ministry of Economics covers 50% of overseas expenses incurred by local companies to promote their brand such as quality documentation, consultancy services, intellectual property applications, promotion, advertising, marketing and rents of overseas offices.



Our Awards

**R&D Centers Performance Index -
Most Successful R&D Center in the Textiles Industry**
Ministry of Science, Industry and Technology

3rd Private Sector R&D Centers Summit, Textiles Industry Champion
Ministry of Science, Industry and Technology

Champion of the Turkish Textiles Innovations League
Uludağ Exporters' Association

**14th ISO Environment and Energy Awards,
Most Innovative Environment-Friendly Product**
Istanbul Chamber of Industry

20th Şahabettin Bilgisu Environment Awards
Kocaeli Chamber of Industry



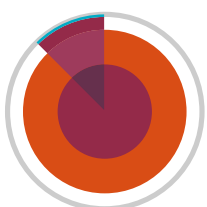
Vision

To position the Human Resources function as a critical “business partner” for Company’s other corporate functions; to provide top quality services at world standards to internal customers; and to create a company that is an “employer of choice”.

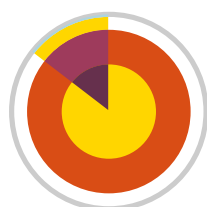
Mission

- To attract talents and lead them in shaping the future of the Company,
- To create a positive organizational climate,
- To support the empowerment of employees and guide their development and
- To develop, implement support programs-processes that ensure stakeholder satisfaction.

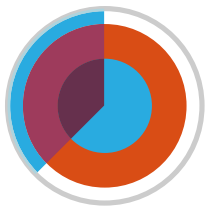
Education Level of White Collars*



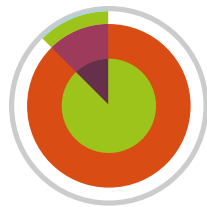
DOCTORATE %10,1



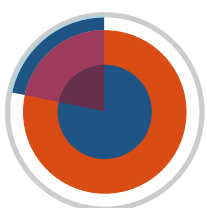
MASTER'S DEGREE %18,7



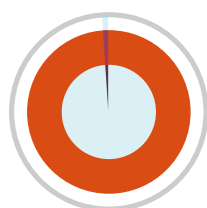
UNIVERSITY %44,9



HIGH SCHOOL %10,1



LYCEE %21,5



PRIMARY SCHOOL %0,3

White Collars Gender Distribution*



FEMALE %29



MALE %71

*According to the results of December 2014 report.

Number of Employees by Countries*



1.121

TURKEY



87

GERMANY



248

EGYPT



366

USA



398

BRAZIL



373

THAILAND



1.152

INDONESIA



4

CHINA



3.749

TOTAL

*Except sub-employer

DEVELOPMENT PROCESS AT KORDSA GLOBAL

Although the Human Resources Department is the principal owner of training and development processes, each employee has been positioned as the owner of his/her personal development process at Kordsa Global. For training plans to be developed, first, line managers consult their team members to identify the technical needs of the department, as well as the individual and technical development needs of their staff members and communicate these needs to Human Resources. The Human Resources Department, then, consolidates incoming requests with corporate strategic targets, business plans and human resources targets and submits the plans to the senior management for approval.

Each year, in the Performance Management System, staff members determine their personal targets in line with the company’s annual targets. Each staff member receives a performance review. The targets are reviewed with the manager midyear and the assessment is completed at the end of the

year. The outcomes of the performance review process are fed into the career and development plans of staff members. Global/interfunctional project assignments aim to enhance staff development, whereas high-potential staff members are motivated through assignments/appointments to a coaching-mentoring program or to international positions. After Kordsa Global won the “Achievements Award” in the Training and Development Category of the PERYÖN Awards, steps were taken to deploy the mentoring system that used to be implemented at the Turkey plant only in previous years, in other countries as well and the said project was completed in 2014. The “Global Mentoring Program” which assigns experts/engineers and newly appointed managers as “mentees” to senior managers who act as “mentors” were realized for the first time this year. Within the framework of this program that will last one year, 18 mentors have already been matched with respective mentees from different countries and one-on-one interviews are under way.

<p>Training Programs</p>	<p>Performance Management</p>	<p>Global Interfunctional Project Assignments</p>	<p>Coaching-Mentoring Assignment</p>	<p>International Assignments Job Appointments</p>
<p>Generation Next 1st Module March 17-19, İstanbul</p>			<p>Leadership Fundamentals 1st Module March 19-21, İstanbul</p>	

PERYÖN “People Management” Special Award

Kordsa Global received the “Leadership in People Management Award” at the 7th People Management Awards Ceremony organized by the People Management Association of Turkey (PERYÖN).



This year, 34 companies applied to 49 categories in total for the 7th People Management Awards organized by the People Management Association of Turkey (PERYÖN) which monitors best practices in people management under 6 categories for 6 months. The “Leadership in People Management Award” was added this year as an award that serves as a holistic evaluation of all categories and is open only to contenders that reached the finals or won awards in previous years. Kordsa Global, one of the finalists and won awards in the “Training and Development Management” and “Talent Management” categories in previous years, was granted the new “Leadership in People Management Award” in 2014.

HUMAN RESOURCES PROCESSES



RECOGNITION AND REWARDING AT KORDSA GLOBAL

Kordsa Global ascribes great importance to a fair and inspiring recognition and rewarding strategy, which is essential to retain qualified and talented employees at all levels. Therefore, the Global HR Department oversees a Global Recognition and Rewarding initiative in addition to the Local Recognition and Rewarding processes managed by the HR teams in their respective countries.

Since 2006, successful projects and staff that contributed to that success, as well as high-performing organizations (countries-plants) are rewarded with “All Stars Awards” at global level.



PEOPLE MANAGEMENT PERFORMANCE AT KORDSA GLOBAL

The most comprehensive practices-mechanisms to measure the People Management Performance of the company are as follows:

- Employee Satisfaction and Engagement Survey (every two years)
- Global HR Report (monthly)
- HR Process Parameters (periodic) and ISO 9001 Internal Audits
- Corporate HR Scorecard (periodic)
- HR Process Identifications and KPIs

The Employee Engagement Survey which is one of the most important tools to measure People Management Performance, has been conducted every two years at all locations using standard questionnaires since 2010. The results of the 2014 staff satisfaction and engagement survey indicate an improvement over previous years.

Compliance to Corporate Management Principles Report

Declaration Of Compliance To Corporate Management Principles

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi,
in 1 January - 31 December 2014 Accounting Period,

complies with and applies the “Capital Markets Board Corporate management Principles” in “CORPORATE MANAGEMENT NOTICE” NO II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and numbered 28871 by Capital Market Board (CMB).

Kordsa Global;
has adopted to obey Corporate Management Principles and four principles of the Corporate Management based on Transparency, Equity, Liability and Accountability published by Capital Markets Board and make regulations on issues to be oriented depending on the improving conditions as a principles,

It has taken necessary steps in the direction of Corporate Management Principles and demonstrated that it is aware of its liabilities against its all stockholders and all stakeholders with its determination on compliance to all activities it has performed until now and Corporate Management Principles.

Along with its all employees and senior management managers being aware of positive contributions provided to the Company of adopting Corporate Management Principles within the Company, it has turned developing compliance to Corporate Management Principles more into a target,

It has shown necessary care for compliance in 2014 twelve-month period with the regulations required/not required to obey Corporate Management Principles and has submitted these issues for the information of shareholders and stockholder in detail in www.kap.gov.tr address and Company’s <http://www.kordsaglobal.com> address.

In this direction;

- 2013 General Board information document was prepared in detail and submitted for information of shareholders and stockholders by being posted on Company website three weeks before the general board.
- Amendment of 18. and 35. Articles of the Main Contract was approved in 2013 Partners Ordinary General Meeting dated 28 March 2014.
- Ayça ARTUT KUTLUBAY holder of Capital Markets Activities Advanced License (License Certificate Date: 17.04.2015 Certificate No: 206980) was decided to conduct liability of Relations with Shareholders Unit, Investor Relations Unit.
- Pursuant to “Corporate Management Notice” numbered II-17.1, our Company’s existing Deputy Finance and Purchasing Chairman Fatma Arzu ERGENE who is suitable for the criteria

determined within the Notice scope was selected as Corporate Management Committee Member and number of Corporate Management Committee Members raised to four.

- Tasks foreseen in the 11. article of “Corporate Management Notice” numbered II-17.1 were decided to be fulfilled by Company’s existing Global Finance Expert Ayça ARTUT KUTLUBAY holder of Capital Markets Activities Advanced License in the management of Company’s Deputy Finance and Purchasing Chairman Fatma Arzu ERGENE.
- In accordance with the criteria determined with the scope of “Corporate Management Notice” numbered II-17.1, our Company’s existing Corporate Management Committee revised the Internal Regulation.
- Contact information of custodians of Investor Relations Department was declared to the public in www.kap.gov.tr address along with Material Disclosure and submitted to the information of shareholders and stockholders in <http://www.kordsaglobal.com> address.
- Existing Information Policy was revised.
- Donations and Charities Policy was established.

However, full compatibility has not been provided yet due to difficulties in a part of nonobligatory principles, discussions ongoing in our country and on international platform about compliance to some principles and some principles’ not overlapping due to the structure of our Company and market.

Improvements related to the issue are being followed and our studies towards compliance still go on.

In the next periods, for compliance with Corporate Management Principles; required studies will be sustained by taking regulations and application in “CORPORATE MANAGEMENT NOTICE” OF CMB into consideration.

Our Companies Compliance with Corporate Management Principles Reports of 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 within <http://www.kordsaglobal.com> website under the title of “Compliance with Corporate Management Principles” of “Investor Relations Department” and again within the Annual reports and Interim Board of Directors Annual reports of the same years have been submitted for our investors information.

Chapter II - Shareholders

2.1. Investor Relations Department

There is Investor Relations Department related to Shareholders within the Company.

Activities regarding this department are conducted under the liability of Deputy Finance and Purchasing Chairman and Member of Corporate Management Committee Fatma Arzu ERGENE who is responsible for Investor relations (Telephone: 0212-385 85 46, Fax: 0212-282 00 12, e-mail: arzu.ongun@kordsaglobal.com).

Coordination of this department is conducted by Global Finance Manager Mehmet BADEM (Telephone:0212-385 85 75 Fax: 0212-282 00 12, e-mail: mehmet.badem@kordsaglobal.com), Corporate Management Committee Reporter and holder of Capital Markets Activities Advanced License Ayça ARTUT KUTLUBAY (Telephone: 0212 - 385 85 70, Fax: 0212 - 282 00 12, e-mail: ayca.artut@kordsaglobal.com) conducts Managerial of Investor Relations Department.

Besides, Mustafa YAYLA (Telephone: 0212-385 85 30, Internal line 28539, 28547, Direct Telephone: 0212-385 85 39, 385 85 47 Fax: 0212-282 54 00, 0212 - 282 00 12, e-mail: mustafa.yayla@kordsaglobal.com) serves as a relations with shareholders supervisor in this department.

Investor Relations Department is liable for conducting two-way communication between shareholders and company managers and Company's informing activities towards its financial status and strategies regularly in such a manner not leading to information asymmetry, excluding confidential and trade secret information of Shareholders and potential investors.

Investor Relations Department operates in using rights of share ownership, makes reporting to the board of directors and enables communication between board of directors and shareholders, and main activities it conducted within the year are as follows:

- Enable records regarding shareholders to be kept in a healthy, secure and up-to-date manner,
- Excluding the confidential and trade secret information related to the Company that is not disclosed to the public, respond written information requests of the shareholders related to the Company,
- Enable General Board meeting to be held in accordance with the effective legislation, Main Contract and other In-house regulations,
- Prepared documents that shareholders may utilize in the General Board meeting,
- Make voting results to be recorded and relevant reports to be sent to the shareholders,
- Including the Legislation and Company's information policy, supervise and monitor any kind of issues related to enlightening public.

Investor Relations Department has undertaken the task of

conducting relations with Shareholders. Within the scope of such task, 75 telephone conversations were made with the stakeholders in 2014 twelve-month period to answer their questions. Also, 26 questions were answered via e-mail, 8 of our investors obtained information on the condition of coming to the headquarter in person.

All of the said requests were responded within the frame of above conditions.

Investor Relations Department enabling communication between our Company's partners and investors and maintaining its studies by being directly bound to Deputy Finance and Purchasing Chairman prepared a report related to activities it conducted in 2014 and submitted it to the Board of Directors on 25 February 2015.

2.2. Use of Shareholders' Right to Information

Any issue regarding liability of enlightening the public are submitted in accordance with legislation and Main Contract and material disclosures being important regarding investors within this scope are disclosed to the public in accordance with the legislation on Central Registry Agency ("CRA") Public Disclosure Platform ("PCP") and on time and published on Company Website.

In used of right to information among shareholders, excluding trade secrets, all information is shared with the shareholders and shareholders are enabled to obtain information regarding strategies and activities at first hand.

Shareholders' written and mainly verbal questions and requests regarding capital increase and dividend payments made in the past years, General Board meeting within the last activity period, suggestions regarding Company's later periods and Company investments were transferred to our Company's authorized units rigorously and without delay and answered within the frame of legislation. All questions and requests directed by shareholders were answered and performed within the frame of legislation within the scope of content previously disclosed to the public.

Also, for the purpose of enabling all shareholders and stockholders along with the potential investors to access information related to the Company easily and equally and besides information obliged to be disclosed pursuant to relevant provisions of Turkish Trade Act; information regarding Trade Registry Gazette where amendments are published, Trade Registry Information, financial reports and other public disclosure documents along With material disclosures made in KAP are published regularly on <http://www.kordsaglobal.com> address.

In 2014 twelve-month period, Investor Relations Department answered totally 109 applications including telephone calls, e-mails and face-to-face interviews. Also, information that may be correlated with the shareholder are published on the website that can be accessed from <http://www.kordsaglobal.com> in accordance with the durations legally set forth.

In 2014 twelve-month period, on the company's website, no information and disclosure that may affect shareholders' using their rights were included.

There is no special provision that provides special audit right individually to the shareholders in Company Main Contract or requesting special audit from general board individually even though it is not included in the General Board meeting agenda. However, shareholders can use their right to request private auditor within the frame of Turkish Trade Act provisions although there is no special provision in this regard in the Company Main Contract.

In the twelve-month period ended on 31 December 2014, no requests came from shareholders regarding assignment of private auditor.

Our Company is subjected to independent audit annually pursuant to capital markets legislation and within the frame of tax legislation.

2.3. General Board Meetings

Invitation to General Board Meetings is made by the Board of Directors in accordance with the provisions of Turkish Trade Act (TTK), Capital Markets Law and Company Main Contract. In order to make General Board, disclosure should be made via MKK KAP at the time the Board of Directors makes decisions and the public should be informed. General Board meeting announcement is made on our websites at <http://www.kordsaglobal.com> and on Electronic General Board System page on Central Registry Agency website 21 days before the General Board meeting at the latest.

Prior to General Board meeting, required documents related to agenda items are disclosed to the public and legal processes and legislation are followed in all notifications. Within the frame of general board agenda items; annual reports, financial statements, corporate management compliance report, profit distribution proposal, independent audit report and legal audit report, amendment drafts including old and new versions of amended text if amendment will be made in the Main Contract are kept open to examination in a manner that shareholders will be able to access in the easiest way at the headquarter and on the website 3 weeks before the General Board meeting. Also, a detailed explanation is made for each agenda item in the information documents regarding agenda items and other information foreseen in principles for General Board meetings are submitted to the investors.

in the General Board, votes are given openly or on the condition of raising hand and/or participating in electronic medium. However, if partners owning 1/10 of the issued capital request, it is obliged to apply to written or secret vote. Ways of voting and electronic meeting issues have been regulated in the 31. article of Main Contract.

Our Shareholders whose shares are being tracked as record before the Central Registry Agency can participate in the physical general board personally at the announced location or

via their representatives or if they wish, they can participate in General Board personally at the announced location or via their representatives over the Electronic General Board system provided by Central Registry Agency by using their secure electronic signatures.

Shareholders can authorized there representative by using the Electronic General Board System and also they can have themselves represented in the meeting by completing the power of attorney form that they can provide from our Company's headquarter and Company's <http://www.kordsaglobal.com> Website within the frame of Capital Markets Board II-30.1 provisions or attaching notarized circular of signature to the power of attorney form carrying their signatures.

In the General Board Meeting to be held physically; real person shareholders shall submit their identities, legal entity shareholders shall submit identities of persons authorized to represent and bind the legal entity along with the authorization documents, representatives of real and legal persons shall submit identities and representation documents and representatives authorized over the Electronic General Board System shall submit their identities and sign the list of attendants in order to participate.

Our General Board meetings are held at the Company headquarter. Our Main Contract enables meetings to be held in another location within the borders of province where the headquarters is located or at the place where Company's branches and agents or factory or industry facilities are located upon decision to be given by the Board of Directors.

You can access our meeting minutes from our website at <http://www.kordsaglobal.com> and from www.kap.gov.tr and from the Electronic General Board System page on the website of Central Registry Agency. Also, these minutes are open to examination of our stakeholders at the headquarter; are given upon demand.

In the Company, a Donations and Charities Policy in accordance with the Corporate Management Principles of CMB is conducted.

Kordsa Global Donations and Charities Policy; has been prepared by Corporate Management Committee 1 with the decision dated 18 December 2014 and numbered 2014 / 6 in accordance with the "Corporate Management Notice" numbered II-17.1 entered into force by being published on the Official Gazette dated 3 January 2014 and numbered 28871 of Capital Markets Board and in accordance with the "Dividend Notice" numbered II-19.1 entered into force by being published on the Official Gazette dated 23 January 2014 and numbered 28891 of Capital Markets Board,

approved with the decision of Board of Directors dated 18 December 2014 and numbered 2014 / 25, approved Donations and Charities Policy was disclosed to the public on the same day at www.kap.gov.tr with Material Disclosure and submitted to the information of shareholders and stockholders on the same day at Company's corporate website <http://www.kordsaglobal.com>.

Donations and Charities Policy accepted by the Board of Directors pursuant to Corporate Management Principles 1.3.10 and disclosed to the public as written below shall be submitted to the approval of shareholders at the 2014 Ordinary General Board meeting to be held on March 2015.

Donation and Aid Policy

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) may make donations to -but not limited to- people, associations, foundations, universities, public institutions and organizations which are contributing to the society in fields of education, culture, arts, environmental responsibility and sports; in alignment with the principles stipulated in Capital Market Law and Regulations, with a corporate sense of social responsibility.

All donations and aids made by Management are carried out in accordance with the vision, mission and policies of Kordsa Global and are based on the ethical principles and values of the Company. Donations and aids can be made in the form of cash or kind.

Total limit of the donations for the fiscal year is determined by the General Assembly. Kordsa Global donates in accordance with the principles mentioned in Donation and Aids Policy and as per the regulations it is subject to. All donations and aids made in each fiscal period are submitted for the approval of the shareholders with a separate agenda item in the General Assembly Meeting of the relevant year.

If one or the sum of all donations made in a fiscal year exceeds 1% of the total asset value of the latest balance sheet, a public disclosure of materiality is made.

Amount and beneficiaries of donations and charities made within the period are contained in detail under the title of "Company Activities and Important Development Regarding Activities, Donations and charities made within the period" in the 4. Article of 2014 Board of Directors Annual report.

Information about the amount and beneficiaries of donations and charities made within the period and restrictions in this regard is provided to the shareholders with an individual agenda item at the General Board.

In 2014 twelve-month period, shareholder, members of board of directors, managers with administrative liability possessing the Company's Management control and their spouses and relatives by blood and marriage up to the second degree did not make any important transactions that may cause conflict of interest with the partnerships or subsidiaries, did not make or have made any kind of commercial transaction that was the business subject of partnership or subsidiaries on their or another person's behalf and did not enter into another partnership dealing with the same kind of commercial businesses in the capacity of partner with unlimited liability.

2013 Partners Ordinary General Board Meeting;

Agenda of 2013 Partners Ordinary General Board Meeting was

determined by Board of Directors Decision dated 05.03.2014 and numbered 2014/7:

Agenda of General Board Meeting, 2013 Financial Statements, Board of Directors and Independent Audit Reports, Dividend Distribution Proposal of Board of Directors, Main Contract Amendment Text and General Board Information Document was disclosed to the public at ÖDA MKK www.kap.gov.tr address as of 5 March 2014 Wednesday three weeks before the meeting date, on MKK Electronic General Board System page, in the link of <http://www.kordsaglobal.com> which is our Company's website on "Investor Relations" page.

was kept available for examination of Shareholders present at Headquarter residing in Sabancı Center, 4.Levent, 34330 Beşiktaş - İSTANBUL and shareholder at the Relations Department.

2013 Partners Ordinary General Board Meeting of **KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET ANONİM ŞİRKETİ** was held on 28 March 2014 at 10:30 in the Sadıka Ana 2 Meeting Hall residing in Sabancı Center 4. Levent, Beşiktaş, İstanbul under the supervision of Ministry Representative **Kezban UDGU** assigned with the writings of Governorship of İstanbul Provincial Directorate of Industry and Commerce dated 27.03.2014 and numbered 8017.

Call for the meeting was made within the durations on the condition of being announced on Company's website named www.kordsaglobal.com and in the Electronic General Board System of Central Registry Agency, in the copy dated 6 March 2014 and numbered 8522 of the Turkish Trade Registry Gazette so as to include the agenda and as set forth in the law and main contract.

In the investigation of list of attendants, it has been determined that from shares of 19.452.907.600 qty. at each 1 Kuruş nominal value corresponding the Company's total 194.529.076,00 TL capital; personally of 78.810.620,8 qty. shares corresponding to 788.106,208 TL capital, 17.904.418.001 qty. shares corresponding to 179.044.180,01 TL capital in proxy and 17.983.228.621,8 qty. totally in 179.832.286,218 TL capital was represented and so that minimum meeting quorum set forth both in law and main contract existed.

The Meeting was held by stating by the Chairman of Board of Directors Mehmet Nurettin PEKARUN that Company auditor DRT Independent Audit and Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi representative Balkız Devrim ÜNAL were ready at the meeting and switched to the discussing the agenda items by opening simultaneously in electronic and physical medium.

Decisions taken at the General Board;

- 1- Chairman of Board of Directors Mehmet Nurettin PEKARUN was acted as the Chairman. The Chairman assigned Şerafettin KARAKIŞ as Vote Collector and Ayça ARTUT as Minute Clerk and Meeting Administration was formed.
- 2- 2013 Board of Directors Annual report deemed as read and discussed.

- 3- 2013 Audit Reports deemed as read and discussed.
- 4- It was submitted to the information of partners that donation at the amount of 58.636.05 TL in total was made within 2013.
- 5- Dividend Policy deemed as read and approved.
- 6- 2013 Consolidated Financial Statements deemed as read, discussed and confirmed.
- 7- Affirmation of tasks of U.S.A. citizen Peter Charles HEMKEN and T.R. citizen Seyfettin Ata KÖSEOĞLU selected by the Board of Directors were approved and accepted to act during the period remained from predecessor to the memberships of Board of Directors emptied within the 2013 activity year.
- 8- Members of Board of Directors were discharged due to their 2013 activities.
- 9- All of the distributable period profit of 2013 was decided to be reserves as Excess Reserve.
- 10- Limit of donations that the Company will make in 2014 was accepted as 5% (Five Percent) of Company net profit.
- 11- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of DELOITTE TOUCHE TOHMATSU LIMITED) was decided to be selected as auditor for 1 (One) year.
- 12- Main Contract amendment was accepted.
- 13- It was decided to give permission to the Chairman and Members of Board of Directors on executing the transactions written in the 395. and 396. Articles of the Turkish Trade Act.

Ordinary General Board Meeting Minute including decisions made at the General Board, List of Attendants of the Meeting and Dividend Distribution Table; were disclosed to the public at ÖDA MKK www.kap.gov.tr address on MKK Electronic General Board System page, in the link of <http://www.kordsaglobal.com> which is our Company's website on "Investor Relations" page,

Also, 2013 Activity Year Report and General Board Documents are kept available for investigation of shareholders in Investor Relations Department at the Headquarter.

At the General Board;

Shareholder had their right to ask question used, however, no questions regarding agenda items and other issues were asked by the Shareholders at the General Board.

Agenda proposal was not given by the shareholders.

Information about the amount and beneficiaries of donations and charities made within the period and restrictions in this regard is provided to the shareholders.

General Board Documents has been submitted to investigation of shareholders at the Headquarter permanently since 2005; and these documents can also be accessed from www.kap.gov.tr and Company's <http://www.kordsaglobal.com> address.

Extraordinary General Board Meeting was not held in 2014 twelve-month period.

2.4. Right to Vote and Rarity Rights

No privileged rights to vote have been identified in the Company Main Contract.

There is one right to vote for each share.

There is no company that our company has mutual shareholding benefits.

Minority shareholders and stockholders are not represented in the Board of Directors. However, two independent members of board of directors act in the Board of Directors to represent all stockholders and stakeholders, primarily the minority stockholders equally.

Kordsa Global has 6 direct subsidiaries and 1 indirect subsidiary consolidated with full consolidation method as of 31 December 2014. Information on Direct Subsidiaries and Indirect Subsidiaries are contained in the 4. Company Activities and Important Developments Regarding Company Activities:, c.) Participants, Subsidiaries (Direct and *Indirect), Geographical Divisions Where Subsidiaries Operate and Share Ratios (%) article of Board of Directors Annual report and company's descriptive report of 1 January - 31 December 2014 fiscal period regarding Consolidated Financial Statements independently audited. In the Board of Directors of Direct Subsidiaries and Indirect Subsidiaries, assigned senior managers of the company use vote.

Our Company gives importance to use of minority rights in accordance with the regulations of Turkish Trade Act and Capital Markets Law and no criticism or complaint was made in this regard in 2014 twelve-month period.

2.5. Dividend Right

There is no privilege on participating in Company's profit.

The Company has a written Dividend Distribution Policy.

Dividend Distribution Policy;

With the decision no 2014/3 dated 27 February 2014 of our Company's Board of Directors, Dividend Policy prepared in accordance with the "Corporate Management Notice" no II-19.1 entered into force by being published on the Official Gazette dated 23 January 2014 and no 28891 and within the frame of relevant 35. article related dividend of the Main Contract was submitted to the information of shareholders and stockholders on the same day at www.kap.gov.tr and Company's <http://www.kordsaglobal.com> address.

Dividend Policy accepted by the Board of Directors and announced as written below was submitted to the approval of shareholders at the 2013 Ordinary General Board meeting dated 28 March 2014 and accepted unanimously by the attendants of the General Board and contained in the 2013 Annual report.

Dividend Policy

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) dividend policy is determined in accordance with Turkish Commercial Code, Capital Markets Legislation and the related provisions of our Articles of Association; regarding to Kordsa Global's medium and long term strategies, investment and financial plans; taking into account the national economy and the sector's position and aiming to preserve balance between shareholders' expectations and Kordsa Global's necessities.

Kordsa Global's dividend policy is to distribute dividend, minimum 50% of the distributable profit calculated, in cash and/or in the form of bonus shares. Application of this policy is determined by the General Assembly.

Kordsa Global does not apply advanced dividend distribution policy.

Dividends will be distributed equally to all shareholders, regardless of their date of issuance and acquisition, as soon as possible within the legal period following the approval of the General Assembly on the date determined by the General Assembly.

General Assembly can transfer a portion or all of the net profit to the extraordinary reserves. If Board of Kordsa Global offers the General Assembly not to distribute dividend, the reason for not distributing dividends and information about the usage of undistributed profit needs to be presented to the shareholders at the General Assembly Meeting. Similarly, these informations are to be shared with public via annual reports and Kordsa Global's website.

Dividend policy is to be submitted for approval of the General Assembly. This policy is to be reviewed each year by Board of Kordsa Global, in case there are complications related to conditions of the national and global economy or projects and funds on the agenda.

Amendments of this policy is also to be submitted for approval of the shareholders, in the next General Assembly following the amendment, and are to be shared with public via Kordsa Global's website.

2013 dividend distribution proposal was contained as two different chapters in the 2013 Annual report and submitted to the knowledge of shareholders prior to General Board. Also, the said Annual report and dividend distribution proposal have been submitted to the used of public on <http://www.kordsaglobal.com> page.

2013 Dividend Distribution Proposal:

With the decision dated 5 March 2014 and numbered 2014 / 6 of our Company's Board of Directors,

according to our financial statements belonging to 01.01.2013-31.12.2013 fiscal period prepared according to the Turkish Accounting Standards and audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Member of DELOITTE

TOUCHE TOHMATSU LIMITED) pursuant to "Notice of Principles Regarding Financial Reporting in Capital Market" with Serial II-14.1 No of Capital Markets Board by our Company,

it has been decided to reserve net distributable period profit of 30.455.504.03 TL remained after reservations stated in 35. Article of our Main Contract and SPK notices are made from the consolidated period profit of 53.045.655,54 TL obtained in 2013 to be reserved as Excess Reserve without being subject to distribution for the purpose of increasing the company's financial flexibility capability within the frame of experienced global economic conditions and propose this issue to the 2013 Ordinary General Board,

as a result of making distribution according the above principles, reserve the whole of net distributable period profit of 6.978.776,22 TL occurred according to our legal records prepared according to the Tax Procedure Law provisions to be reserved as Excess Reserve.

Procedure and timing regarding distribution of company profit has been stated clearly in the 35, 36 and 41. articles of the Company main contract. Each year, by virtue of Company's making dividend distribution within the durations set forth legally, no legal issue has been encountered correlated with this issue from now on.

Gross Dividend Amount and Ratios Distributed in the Last Three Years:

Year	2013	2012	2011
Amount (TL)	-	34,626,175.53	75,935,819.23
Ratio	-	17.80 %	39.04 %
Distribution Date	-	29 March 2013	19 April 2012

Company did not distribute dividend within 2014 twelve-month period.

2.6. Transfer of Shares

There are no provision restricting share (Stock) transfer in the Company articles of association.

Transfer of company shares is performed within the framework of Turkish Trade Act and Capital Markets Law provisions.

Chapter III - Public Disclosure and Transparency

3.1. Corporate Website and Content

The Company has a Corporate Website accessible from <http://www.kordsaglobal.com> address over the Internet.

Content of the Internet website is Turkish and English.

Instructions for use of the site have been submitted to the information of stockholders in the Legal Information section.

Respectively, "Company Profile, Products, Research and Development, Production Facilities, Investor Relations (Corporate, Activity Results, Contact) Information Society Services, Human Resources and Press Room" chapters are located on the website. Under these chapters, information ordered in the SPK Corporate Management Principles has been provided.

In the public disclosure, Kordsa Global Website at <http://www.kordsaglobal.com> Internet address is used actively as recommended by SPK Corporate Management Principles. Disclosures contained at the Website of Kordsa Global do not include notification required to be made pursuant to provisions of Capital Markets Legislation and material disclosures. All disclosures made to the public by Kordsa Global can be accessed over the Website. Website is configured and departmentalized accordingly. All precautions regarding website security are taken. Website is organized in the content and manner foreseen by the SPK Corporate Management Principles in Turkish and English. Annual report and some information are contained in English. Especially announcement regarding General Board meetings to be held, agenda items, information documents regarding agenda items, other information, documents and reports related to agenda items and information about the methods of participating in General Board are contained arrestingly at the website. Works on development the website are continuously maintained.

Procedures and principles regarding Regulation on Websites that Capital Companies will open prepared by Ministry of Customs and Trade and published in the issue dated 31.05.2013 of the Official Gazette and opening website with the first clause of 1524. article of TTK and allocating a certain part of this site to allocations and information society services for publishing announcements required to be made by the Company legally were issued. E-company provided by the MKK: Uploading the content to be posted on the website on pages allocated to itself with safe electronic signature and time stamp and keeping the uploaded content in a secure environment, keeping the content available for access, archiving safely, integrating with the MERSiS system of Ministry of Customs and Trade and making data sharing were provided pursuant to 1524. article of TTK by utilizing Companies Information Portal Platform service.

Important titles that can be monitored on the website have been summarized below.

- Detailed information regarding corporate identity.
- Vision, mission, values and main strategies.
- Information on Members of Board of Directors and senior

- management.
- Production centers and product types.
- Ethical values.
- Company's organization and partnership structure.
- Company main contract.
- Trade registration information.
- Financial information.
- Annual reports.
- Press disclosures.
- Materials disclosures.
- Remarks on date, agenda, agenda items of the General Board.
- General Board meeting minutes and list of attendants.
- Power of attorney samples.
- Corporate Management applications and compliance report.
- Dividend distribution policy.
- Donations and charities policy.
- Pricing policy.
- Information policy.
- Internal guidelines.
- Frequently asked questions chapter.

Principles regarding management of website are contained in our "Information Policy".

Information Policy

In the Company, an Information Policy in accordance with the Corporate Management Principles of CMB is conducted.

Kordsa Global Information Policy;

- 1) It was prepared on 4 May 2009, discussed and approved at the Board of Directors dated 4 May 2009 and numbered 897.
- 2) Revised on 27 March 2012,
- 3) Revised within the frame of final amendments in the Capital Markets Legislation by Corporate Management Committee on 18 December 2014, discussed, approved at the Board of Directors Meeting on 18 December 2014 with no 2014/25 and approved Information Policy was disclosed to the public on the same day at www.kap.gov.tr and Company's <http://www.kordsaglobal.com> address to the shareholders and stockholders along with the disclosure of Material Disclosures.

Briefly Kordsa Global Information Policy;

1. Purpose

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) management is in a transparent and close communication with its stockholders. Main target is to increase value of Kordsa Global for the existing stockholders and turn stocks into an attractive investment tool for potential investors.

Management of Kordsa Global to apply strategic plans for this purpose and share results with the public, shareholders, investors and capital market experts (capital market participants together) equally as complete, fair, accurate, on time and in an understandable way within the frame of financial reporting standards and Capital Markets Legislation provisions.

Kordsa Global obeys Capital Markets Legislation, Turkish Trade Act Legislation; Capital Markets Agency and Borsa İstanbul A.Ş. (BİST) regulations; Pays maximum attention to actualizing the principles contained in the SPK Corporate Management Principles.

Information Policy covers all employees and consultants of Kordsa Global; regulates written and verbal communication of Kordsa Global with the capital markets participants.

Kordsa Global Information Policy was prepared pursuant to 17. article of "Special Cases Notice" Serial II-15.1 No of the Capital Markets Agency; is announced to all stockholders via Kordsa Global Website (www.kordsaglobal.com).

2. Authorization and Liability

Information Policy was established and approved by the Board of Directors within the frame of SPK Corporate Management Principles. Kordsa Global's public disclosure and monitoring, supervision and development of Information Policy are under the authorization and liability of Board of Directors.

Global Finance Directorate responsible for Investor Relations within Deputy Chairmanship of Finance and Purchasing was assigned to supervise and monitor any kind of issued related to public disclosure.

In the direction of this policy;

3. *Public Disclosure Methods and Tools,*
4. *Disclosure of Financial Statements to the Public,*
5. *Disclosure of Annual report to the Public,*
6. *Disclosure of Special Cases to the Public and Authorized Persons,*
7. *Persons Authorized to Make Disclosure to the Public,*
8. *Persons With Administrative Responsibility and List of Persons Having Access to Internal Information,*
9. *Communication with Capital Markets Participants,*
10. *Unfounded News in the Market,*
11. *Delaying Disclosure of Internal Information to the Public,*
12. *Meetings and Interviews Made with Investors and Analysts,*
13. *Disclosure of Future Assessments to the Public,*
14. *Silent Period,*
15. *Market Abuse,*
16. *Kordsa Global Web Site. (www.kordsaglobal.com)*

Issues and developments regarding the above,

are disclosed to the public regularly via MKK/KAP within the duration and in accordance with the "Special Cases Notice" numbered II-15.1 entered into force by being published in the Official Gazette dated 23 January 2014 and numbered 28891 by the Capital Market Agency. Information is disclosed to the public at www.kap.gov.tr address and Company website that can be accessed from <http://www.kordsaglobal.com> address.

Other issues that are not trade secrets and out of these notifications obliged to be published pursuant to legislation but that may interest the investors are announced on time, accurately, completely and in an understandable way in the direction of principles of "Disclosure of Internal Information to the Public" of SPK to persons and organizations.

3.2. Annual report

Company's Board of Directors Annual report; is prepared in accordance and compliance with legal regulations that will enable public to reach information on Company activities on time, accurately and completely, "Regulation on Determination of Minimum Content of Companies' Annual report" of Ministry of Customs and Trade entered into force by being published in the Official Gazette dated 28 August 2012 and numbered 28395, durations in "PRINCIPLES NOTICE REGARDING FINANCIAL REPORTING IN CAPITAL MARKET" numbered II-14.1 entered into force by being published in the Official Gazette dated 13 June 2013 and numbered 28676, formats determined by Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and SPK, "Capital Markets Agency Corporate Management Principles" in the "CORPORATE MANAGEMENT NOTICE" numbered II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and 28871. It is passed through approval of Board of Directors and unless Board of Directors makes decision on disclosure after financial statements with an individual liability declaration, it is disclosed to the public via KAP and our Website <http://www.kordsaglobal.com> along with the financial statements.

Also, a summary annual report is prepared in every three month and published on KAP and Company website along with the financial statements. Annual prepared annual report is also printed to be given to those concerned.

The Company includes information completely mentioned in "Capital Markets Corporate Management Principles" in "CORPORATE MANAGEMENT NOTICE" in 1, 3 and 6-month Board of Directors Annual reports and year-end Annual reports.

In this direction 2013 Annual report was submitted to view and approval of our partners at the 2013 Ordinary General Board dated 28 March 2014 by being subjected to investigation of our partners at Company Headquarters, on MKK's Electronic General Board portal and at <http://www.kordsaglobal.com> Company website for three weeks before the Ordinary General Board meeting within the frame of Turkish Trade Act, regulations related to Regulation and Capital Markets Law.

2014 interim period Annual reports were submitted to the view of shareholders within the related period by being prepared within this frame and shall be submitted to the view and approval of shareholders at the 2014 Ordinary General Board to be held in 2015 March by being prepared within this framework in the year-end Annual report.

Chapter IV - Stockholders

4.1. Informing Stockholders

Shareholders, company employees, customers, suppliers and society with which the company interacts are defined as stockholders.

Kordsa Global A.Ş., takes Information Policy published from Investor Relations Department at www.kap.gov.tr address and <http://www.kordsaglobal.com> address on 18 December 2014 on informing the Stockholder as a basis.

Stockholders learn developments on the Company via disclosures made to the public pursuant to related legislation. Information regarding the public; is made through information tools such as material disclosures, financial statements and reports, annual reports, Internet page, presentations, investor meetings and teleconferences, information writings, press bulletins, Trade Registry Gazette. Reserving provisions of Capital Markets Legislation and Turkish Trade Act (TTK), basic public disclosure methods and tools used by Kordsa Global have been stated below;

- Material disclosures delivered via Public Disclosure Platform (KAP),
- Financial statements and footnotes, independent audit reports, declarations and annual report delivered Periodically to the Public Disclosure Platform (KAP),
- Announcements and publications made via Turkish Trade Registry Gazette (offering circular, circular, general board call, etc.)
- Press disclosures made via written and visual media,
- Disclosures made to data distribution organization such as Reuters, Foreks, etc.
- Information interviews and meeting made face-to-face or via teleconference with the capital market participants,
- Corporate Internet Web Site, (www.kordsaglobal.com) information,
- Disclosures made over communication methods and tools such as communication (wap and similar technologies), electronic mail, telefax, etc. over telephone, mobile phone.

On the other hand, in our General Board meetings, providing detail information on our website, making our annual report comprehensive, our press disclosures and our policy based on transparency and our application enable not only informing the shareholders but also all stockholders.

Besides information contained in financial statements and reports disclosed to the public and made in the direction of SPK legislation (excluding those not disclosed to the public yet); verbal and written information is also provided to the stockholders upon request that will inform themselves such as company employees, vendors, unions, non-governmental organizations, government, potential investors.

In 2014 twelve-month period, the Company made 26 Material Disclosures to Merkezi Kayıt Kuruluşu A.Ş. (MKK) Public Disclosure Platform (KAP) (www.kap.gov.tr). The said disclosures were made on time and no enforcement was applied by SPK or MKK.

Made Material Disclosures can be accessed from www.kap.gov.tr and from Investor Relations Department at our company's Internet site <http://www.kordsaglobal.com>.

Company employees are also informed via meetings held on their specialties and general issues they interest, held seminars, trainings and information sent via e-mail. There is a portal for employees and they are enabled to access any kind of information and document they will interest through this portal channel.

Employees are able to access e-application found on the company communication network and any kind of information and document they will interest and manage different processes on electronic medium.

Information exchange on any issue can be made with customers and suppliers and joint studies and projects are conducted for improving the processes.

Kordsa Global Magazine published quarterly and distributed for free of charge that company employees utilize is in effect.

It submits it effective policies and internal guidelines to the information of all stockholders in "Investor Relations" section within the <http://www.kordsaglobal.com> web site.

It also submits its Effective Procedures to the information of its employees on PeopleClip Kordsa Global Intranet information sharing platform accessible by all employees via "QDMS" Integrated Management System section.

The Company has adopted ethical principles to protect rights of stockholders and established ethical rules to manage ethical rules and rules.

Stockholders can access ethical rules and ethics board of Kordsa Global's controlling shareholder Sabancı Holding from (etik@sabanci.com) address or telephone from <http://www.sabanci.com.tr> address, Kordsa Global's Business Ethics Rules, Ethics Board Consultants of Kordsa Global and its direct subsidiaries from (etik.tr@kordsaglobal.com) address and telephones and from <http://www.kordsaglobal.com> address.

Kordsa Global Turkey's ethical activities are conducted by Director of Human Resources and Industry Relations, Kordsa Global Turkey Ethical Rules consultant Nazan Keskin.

The mechanism required to report stockholders' transactions against the Company's legislation and improper in terms of ethics to the Corporate Management Committee and Audit Committee has been established by the company.

4.2. Stockholders' Participation in Management

Contribution of stockholders to the management in General Board,

Employees' contribution to management are provided via seasonal internal meetings as well as annual target determination and performance assessment meetings.

Company's communication channels are kept open continuously for stockholders.

In addition to this, 360 degree feedback mechanism serves for reporting feedbacks on issues related to them coming from employees, customers, suppliers and vendors; the results are discussed at the meetings of established arbitrators and action plans are established to provide the required amendments. These approaches is to secure employee participation and contribution required in terms of enabling Company to be managed efficiently.

4.3. Human Resources Policy

Company's effective human resources policy and applications have been presented below; and also announced at <http://www.kordsaglobal.com>. It is managed by Deputy Chairman of Related Activities, Human Resources and Information Technologies Hakan Öker.

Sabancı Community companies operating in national and international markets acts respectful and in compliance with local law rules in their markets and private law rules such as collective labor contract, if any. In the process from starting and ending of labor contracts of employees, it shows required care on protection and payment of all rights and receivables.

Global Human Resources

Kordsa Global sees human resource spread to 8 countries throughout the world as an integral part of reaching strategic targets and conducts human resources applications under a global strategy. Global Human Resources within the Company is liable for establishing and conducting this global strategy. Global Human Resources performs strategic operations regarding selection and placement, wages and side interests, performance management, reviewing organization and human resource and backup plans, leader and employee development, international assignments, organizational climate and such Human Resources processes in parallel to sustainability and business targets of Kordsa Global.

Global Human Resources Vision

To position Human Resources function as an important "business partner" of Company's other functions, offering service to internal customer in world quality and standards and create a company at preferred employer status.

Global Human Resources Mission

- Develop, apply and support programs/processes leading drawing and keeping talented labor force to the Company,
- Helping to create a positive organizational climate,

- Supporting authorization and development of employees,
- Allowing satisfaction of shareholders.

Principle Liabilities of Global Human Resources

Global Human Resources function has been positioned as an "expertise center" and its basic contribution and expectations from this function has been kept at strategic level. Application of Human Resources processes at operational level is conducted mainly by local businesses.

Principle Liabilities of Global Human Resources;

- To develop and spread Human Resources policies, systems and processes supporting Company strategies and business needs,
- To establish and apply global strategies appropriate for Company's sustainability activities,
- Together with regional and local Human Resources departments, design and manage development programs configured at different levels (young talent, mid-level management, senior management development programs, etc.) that will support Company's corporate growth targets,
- In the direction of expectations of Company and employees, enable development of best professionals at each level by creating different experience opportunities.

In 2012, Global Human Resources conducted Global Technical Development Program, Generation Next Development Program and Mid-Level Leadership Fundamentals Program in accordance with the vision, mission and strategy. Content of E-learning platform "KEEP" accessible from anywhere in the world was enriched with training in English and other languages and also developed by adding in-classroom training module.

In 2014 twelve-month period, no complaints were made by the employees on discrimination.

4.4. Ethical Rules and Social Responsibility

Company performs all of these activities and relations, protections of rights of stockholders in accordance with the Business Ethics Rules accepted by Company Board of Directors.

Kordsa Global Business Ethics Rules regulate our Company's relations with customers, employees, stockholders, suppliers, business associates, competitors, environment and community; and collected under four main titles as legal liabilities, honesty, confidentiality and conflict of interest.

To manage ethics rules in this regard, in our each facility, there is an assigned Ethics Rule Consultant responsible for application of Kordsa Global Business Ethics Rules as required.

The said Business Ethics Rules, Ethical Rules Consultants of Company's direct or indirect subsidiaries, name, e-mail addresses of consultants are shared with the public at (etik.tr@kordsaglobal.com) and telephones at website accessed from <http://www.kordsaglobal.com> address and awareness of employees regarding the issue is provided with accrued regular trainings.

Kordsa Global Turkey's ethical activities are conducted by Director of Human Resources and Industry Relations, Kordsa Global Turkey Ethical Rules consultant Nazan Keskin.

The Company fulfills its duties within the scope of social responsibility; via donations and charities made to foundations, associations founded for social purposes and educational institutions, universities and other persons, institutions and agencies; in accordance with the Company policy and procedures, Capital Markets Legislation, Turkish Trade Act and related legislation, primarily Business Ethics rules. Within this scope, the Company donates an amount of five percent of previous tax profit to Sabancı University each year.

Kordsa Global Donations and Charities Policy regarding Donations and Charities is located under the title of "General Board Meetings" in 2.3. article of Compliance to Corporate Management Principles Report in detail.

Kordsa Global A.Ş. is sensitive to social responsibilities; obeys regulations and ethical rules regarding the environment, consumer, and public health. The Company supports and respects human rights with international validity. Kordsa Global A.Ş. complies with the 3.5.2. article of Corporate Management Principles and it only has not established Dishonesty and Anti-Bribery Policy. Our Company shall establish Dishonesty and Anti-Bribery Policy within 2015 and announce the policy to all stockholders via Kordsa Global Web Site (www.kordsaglobal.com).

Chapter V - Board of Directors

5.1. Structure and Formation of Board of Directors

Our Company's Board of Directors supervises Company activities' compliance to legislation, main contract, internal regulations and determined policies and manages and represent the Company by observing long term interest of the Company by taking risk, growth and incomes into consideration with the strategic decisions it takes.

Our Company's Board of Directors consists of seven members selected to act from 2011 Ordinary General Board Meeting held on 18 April 2012 to 2014 Ordinary General Board Meeting to be held in 2015 in the direction of provisions of Turkish Trade Act and Company main contract.

Pursuant to Law on Enforcement and Manner of Application of Turkish Trade Act no 6103, pursuant to provision of resigning and make selection in place of them of real persons selected as representative of the legal entity to management rules of stock companies; it was in compliance with decisions dated 17 September 2012 no 983, dated 18 September 2012 no 984, dated 19 September 2012 no 985, dated 20 September 2012 no 986, dated 21 September 2012 no 987 and 988 and 25. Article of Turkish Trade Act no 6103,

approved and accepted in Ordinary General Boards related to affirmation of duties of Members of Board of Directors selected by the Board of Directors to act during the period remained from predecessor in accordance with the 363. article of Turkish Trade Act and 14. article of Company Main Contract.

In the report dated 22.03.2012 prepared by Audit Committee and submitted to the Board of Directors, 2 persons (Atıl SARYAL and Hüsnü Ertuğrul ERGÖZ) were determined as independent member candidate.

"Independence Declarations" of Independent Members of Board of Directors were contained within the Information Documents regarding 2011 Partners Ordinary General Board Meeting dated 18 April 2012 and submitted to the information of shareholders and stockholders at <http://www.kordsaglobal.com>.

With the decision of our Company's Board of Directors decision dated 28 March 2014 and numbered 2014/9, the Board of Directors distributed duties in accordance with company Main Contract among themselves after the 2013 Partners Ordinary General Board Meeting held on 28 March 2014.

Our Board of Directors structure has been created in accordance with the principles determined by SPK. Company's Members of Board of Directors, executive and non-executive and independent member separation is as follows:

1. Mehmet Nurettin PEKARUN : Chairman (executor)

- | | |
|---------------------------|--|
| 2. Neriman ÜLSEVER | : Deputy Chairman (executor)
Corporate Management Committee Member
Early Detection of Risk Committee Member |
| 3. Peter Charles HEMKEN | : Member (non-executor) |
| 4. Bülent BOZDOĞAN | : Member (non-executor)
Corporate Management Committee Member |
| 5. Seyfettin Ata KÖSEOĞLU | : Member (non-executor) |
| 6. Atıl SARYAL | : Independent Member (non-executor)
Corporate Management Committee Chairman
Audit Committee Member
Early Detection of Risk Committee Chairman |
| 7. Hüsnü Ertuğrul ERGÖZ | : Independent Member (non-executor)
Audit Committee Chairman |

In 19. and 22. articles of Company main contract, qualities and selection conditions of members of board of directors have been stated. Required qualities overlap with the related articles within the Corporate Management Principles of SPK.

Management rights and representation authorizations of Company's board of directors have been identified in 14, 16, 17, 18, 19, 21 and 22. articles of Company Main Contract and disclosed to the public at <http://www.kordsaglobal.com> on the Internet.

Authorities and liabilities of the managers have not been decreed with Company's main contract. However, these authorities and liabilities are detected by the Company's board of directors.

In the 2012 Partners Ordinary General Meeting held on 28 March 2013;

Stated in 1.3.7. article of Capital Markets Corporate Management Principles; Shareholder, members of board of directors, senior managers with administrative liability possessing the Company's Management control and their spouses and relatives by blood and marriage up to the second degree did not make any important transactions that may cause conflict of interest with the partnerships or subsidiaries, did not make or have made any kind of commercial transaction that was the business subject of partnership or subsidiaries on their or another person's behalf and did not enter into another partnership dealing with the same kind of commercial businesses in the capacity of partner with unlimited liability was submitted to the information of our partners.

In the 2013 Partners Ordinary General Meeting held on 28 March 2014

Chairman and Members of Board of Directors were permitted on executing the transactions written in the 395. and 396. Articles of the Turkish Trade Act.

on the condition of being at least 25% for woman member ratio in the board of directors contained in 4.3.9. article of "CORPORATE MANAGEMENT NOTCIE" Corporate Management Principles numbered II-17.1 of Capital Markets Agency, although there are not any Company policy regarding recommendation of "determines the target ratio and target time and establishes policy to reach these targets", it pay attention in this regard and one of the members of Kordsa Global Board of Directors is woman.

In 2014 twelve-month period, members of Company board of directors did not make transactions on their or other persons' behalf with the Company and make attempts that will compete on the same activity subjects although permission was given in the direction of 395. and 396. articles of Turkish Trade Act by the General Board.

Amendments were made in the Board of Directors in 2014 twelve-month period.

Board of Directors:

1. MEHMET NURETTİN PEKARUN - CHAIRMAN OF BOARD OF DIRECTORS (Executor)
Duty Term (30 September 2010) 18 April 2012 - March 2015 (Until the 2014 Ordinary General Board meeting.)
 Mehmet Nurettin Pekarun graduated from Bosphorus University Industry Engineering Department and studies MBA on Finance and Strategy Expertise at Purdue University.

Starting his business life in Transportation Systems department of General Electric (GE) company in America in 1993, Pekarun served as Finance Manager in GE Healthcare-Europe between 1996-1999, firstly as Responsible Finance Manager for Turkey and Greece first, and then Finance Manager for Middle Europe.

Between 1999-200 he carried out his duty as GE Lighting General Manager, between 2000-2005 as Business Development Unit General Manager in GE Healthcare - Europe, Middle East and Africa Regions, and after serving as General Manager of Medical Accessories in Europe, Middle East and Africa Regions of the same company, Mehmet Pekarun carried out his duty as Chairman and CEO of Kordsa Global from 1 March 2006 to 30 September 2010.

Mehmet Nurettin Pekarun was assigned to Hacı Ömer Sabancı Holding A.Ş. Group Chairmanship of Tire, Reinforcement Material and Automotive and has been conducting duty of Group Chairmanship of Hacı Ömer Sabancı Holding Industry.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

In Group ;

- HACI ÖMER SABANCI HOLDİNG A.Ş. Chairman of Industry Group.
- KORDSA GLOBAL A.Ş. Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Executive Board.
- BRİSA BRIDGESTONE SABANCI LASTİK SANAYİ VE TİCARET A.Ş. Member of Board of Directors.
- YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. Chairman of

Board of Directors.

- TEMSA GLOBAL SANAYİ VE TİCARET A.Ş. Chairman of Board of Directors.
- TEMSA MOTORLU ARAÇLAR PAZARLAMA VE DAĞITIM A.Ş. Chairman of Board of Directors.
- TEMSA İŞ MAKİNALARI İMALAT PAZARLAMA VE SATIŞ A.Ş. Chairman of Board of Directors.
- SASA POLYESTER SANAYİ A.Ş. Member of Board of Directors.

Out of Group;

- Member of Board of Directors of TÜSİAD (Turkish Industry and Business Association).
- DEİK (Foreign Economic Relations Board) Chairman of Turkish - Japanese Work Council Execution Board.
- Member of Board of Directors of TOG (Community Volunteers Foundation).

2. NERİMAN ÜLSEVER - DEPUTY CHAIRMAN OF BOARD OF DIRECTORS (Executive Officer) CORPORATE MANAGEMENT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER Duty Term 16 August 2011, 20 December 2013 - March 2015 (Until 2014 Ordinary General Board meeting.)

Neriman Ülsever graduated from Bosphorus University Departments of Business and Operational Research in 1975. She began her professional life in Turkish Airlines in 1973 and continued her career with various liabilities, respectively, Anadolu Bankası A.Ş. Emlak Bankası A.Ş., Group Sanfa and undertook various duties at Impexbank. She worked as Managing Partner in İKE Ltd. founded by herself since 1995 and specialized on human resources consultancy and training.

Undertaking duties in the group and on international platforms as of 1995 when she entered into Turkish market of Indesit Company, Ülsever conducted her duty as Middle Europe and International Markets HR Directorship in Switzerland between 1999-2002 and also undertook West Europe Markets HR Directorship in France between 2001-2004. She acted as HR Director responsible for world trade organization in Italy between 2004 - 2006. She undertook Indesit Company Grubu Global HR Directorship and membership of Execution Board in Italy between 2006 - 2010. Being Member of Board of Directors of Indesit Turkey since 1996, Ülsever was assigned to Chairmanship of Board of Directors of Indesit Turkey on 1 January 2011 and Chairmanship of Sabancı Holding Human Resources Department on 16 May 2011 and she sustains both duties together.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

In Group ;

- HACI ÖMER SABANCI HOLDİNG A.Ş. Group Chairman of Human Resources.
- TEMSA GLOBAL SANAYİ VE TİCARET A.Ş. Deputy Chairman of Board of Directors.
- AVİVASA EMEKLİLİK VE HAYAT A.Ş. Member of Board of Directors.
- CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş. Member of Board of Directors. - Corporate

- Management Committee Member.
- AKSİGORTA A.Ş. - Member of Board of Directors. Corporate Management Committee Member.
 - TEKNOSA İÇ VE DIŞ TİCARET A.Ş. Member of Board of Directors. - Corporate Management Committee Member - Early Detection of Risk Committee Member.
 - TURSA SABANCI TURİZM VE YATIRIM İŞLETMELERİ A.Ş. Member of Board of Directors.
 - ANKARA ENTERNASYONEL OTELCİLİK A.Ş. Member of Board of Directors.

Out of Group ;

- INDESIT COMPANY BEYAZ EŞYA SANAYİ VE TİCARET A.Ş. Chairman of Board of Directors.
- INDESIT COMPANY BEYAZ EŞYA PAZARLAMA A.Ş. Chairman of Board of Directors.
- AUTOGRILL / ITALY - Member of Board of Directors.
- WOMEN CORPORATE DIRECTORS - Member of Committee of Management.

3. PETER CHARLES HEMKEN - MEMBER

Duty Term 20 September 2013 - March 2015 (Until 2014 Ordinary General Board meeting.)

By graduating from Iowa University Chemistry Engineering Department in 1977, Peter Hemken completed its MBS degree at Richmond University in 1982. After making senior leadership in various fields such as growth of DuPont company, business development for 35 years, he made leadership in this cooperation with Sabancı Holding. Also, he conducted his duty as CEO in the company of which name was DuPont-Sabancı International at that time between 2000-2006. Now, he offers consultancy service to small and medium scale and non-profit companies as owner of Strategy Development LLC company.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

Out of Group ;

- LOWA INNOVATION CORPORATION / USA - Member of Board of Directors.
- LOWA AUTOMOTIVE HERITAGE FOUNDATION / USA - Chairman of Board of Trustee.
- THE HEMKEN COLLECTION MUSEUM / USA - Chairman and Director.

4. BÜLENT BOZDOĞAN - MEMBER

CORPORATE MANAGEMENT COMMITTEE MEMBER

Duty Term (3 August 2010) 18 April 2012 - March 2015 (Until the 2014 Ordinary General Board meeting.)

Bülent Bozdoğan graduated from ODTÜ Department of Business in 1980 and has 30 year experience in domestic and foreign companies at management levels on audit, finance, purchasing and planning at PwC, Unilever, Brisa, Kordsa Global and Sabancı Holding A.Ş.; he has been conducting his duty as Head of Audit Department since 1 December 2011. Having membership of Turkish Internal Audit Institution Board of Members and General Secretariat, Bozdoğan is married and has 2 children.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

In Group ;

- HACI ÖMER SABANCI HOLDİNG A.Ş. Audit Department Head.
- HACI ÖMER SABANCI HOLDİNG A.Ş. Ethics Board Chairman.
- TEMSA GLOBAL SANAYİ VE TİCARET A.Ş. Member of Board of Directors.
- TEMSA İŞ MAKİNALARI İMALAT PAZARLAMA VE SATIŞ A.Ş. Member of Board of Directors.

Out of Group;

- TİDE (TURKISH INTERNAL AUDIT INSTITUTION) Chairman of Ethics Board.

5. SEYFETTİN ATA KÖSEOĞLU - MEMBER

Duty Term (16 August 2011) 18 April 2012, 20

December 2013 - March 2015 (Until the 2014 Ordinary General Board meeting.)

Ata Köseoğlu graduated from Bosphorus University Mechanical Engineering department and then studied Master Degree of Electric Engineering at Lehigh University and completed his MBS education at Boston University.

He started his banking life at İktisat Bank and acted as Deputy General Manager responsible for Investment Banking, Treasure and Capital Markets, Assets Management and International Relations at Finansbank until 1994.

He acted as Managing Director responsible for Investment Banking activities in Turkey, Greece and Egypt at Bear Streams one of the biggest investment banks of USA in New York between 1994-1999 and then he undertook Managing Director duty responsible for Turkey and Middle East in Société Générale Investment Banking by settling down to Paris. In his this duty, he helped development of regional financial strategy of the Bank being responsible for management and development of relations with the important customers of Société Générale in the region.

Ata Köseoğlu served as Managing Director/CEO at Londra/İstanbul Credit Suisse First Boston Bank between 2000-2005 and then he became responsible for transactions such as corporate finance, project finance, capital markets, fixed yield and derivative products.

Ata Köseoğlu participated in BNP Paribas/TEB Group and served as Chairman of Board of Directors and CEO at TEB Investment and played role in various incorporation and purchasing projects and inserted TEB Investment among the biggest first five intermediary firms in Turkey in terms of transaction volume and profitability.

At Köseoğlu is currently conducting its duty as Strategy and Business Development Group Chairman at Hacı Ömer Sabancı Holding A.Ş.

DUTIES HE CONDUCTED OUT OF THE COMPANY:**In Group;**

- HACI ÖMER SABANCI HOLDİNG A.Ş. Strategy and Business Development Group Chairman.
- TEMSA GLOBAL SANAYİ VE TİCARET A.Ş. Member of Board of Directors.
- ENERJİSA DOĞALGAZ TOPTAN SATIŞ A.Ş. Member of Board of Directors.
- ENERJİSA ELEKTRİK DAĞITIM A.Ş. Member of Board of Directors.
- ENERJİSA ELEKTRİK ENERJİSİ PERAKENDE SATIŞ A.Ş. Member of Board of Directors.
- ENERJİSA ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş. Member of Board of Directors.
- ENERJİSA ENERJİ A.Ş. Member of Board of Directors.
- ENERJİSA ENERJİ HİZMETLERİ A.Ş. Member of Board of Directors.
- ENERJİSA ENERJİ ÜRETİM A.Ş. Member of Board of Directors.
- ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. Member of Board of Directors.

Out of Group;

- EUROPEAN ROUND TABLE OF INDUSTRIALISTS (ERT) Member.
- Member of TKYD (Turkish Corporate Management Association).
- Member TÜSİAD (Turkish Industry and Business Association).
- Member of İSTANBUL ROTARY CLUB ASSOCIATION.
- PROPELLER CLUB Member.
- CEO CLUB Member.

**6. ATIL SARYAL - INDEPENDENT MEMBER
CORPORATE MANAGEMENT COMMITTEE CHAIRMAN
AUDIT COMMITTEE MEMBER
EARLY DETECTION OF RISK COMMITTEE CHAIRMAN
Duty Term 18 April 2012- March 2015 (Until 2014
Ordinary General Board meeting.)**

Atıl Saryal was born in 1938 in Ankara. He completed his elementary and primary education in Ankara and studied engineering at Texas University.

When he returned to Turkey, he served in banking sector. Afterwards, he transferred to Sabancı Group. He conducted General Managers duties in Adana Sasa and Marsa. He undertook Chairmanship of Adana Chamber of Industry for 8 years. He made membership of Philsa, Exsa and Plassa Board of Directors. Then, he assigned to Chairmanship of Food and Retail Business and conducted Chairmanship of Board of Directors of Kraftsa, Danonesa, Diasa, Carrefoursa, Marsa and Sapeksa. While he was retiring from Group Chairmanship in 2002 and Chairmen and memberships of Board of Directors in 2004, he quitted TÜSİAD membership.

He is still conducting Independent Membership of Kordsa Global Board of Directors and Membership of Olmuksan Board of Directors.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

- AKÇANSA ÇİMENTO SANAYİ VE TİCARET A.Ş. - Independent Member of Board of Directors.
- AVİVASA EMEKLİLİK VE HAYAT A.Ş. - Independent Member of Board of Directors.
- OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET ANONİM ŞİRKETİ Independent Member of Board of Directors.
- CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ A.Ş. - Consultancy

INDEPENDENCE DECLARATION

I declare that I am candidate for serving as “independent member” within the scope of criteria determined in Corporate Management Principles announced by legislation, main contract and Capital Markets Agency in Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş (Company) Board of Directors, within this scope;

- a) No commercial relations in directly or indirectly employment, capital or important quality within the last five years between the Company and legal persons that the company is associated with in terms of capital or management of stakeholders owning 5% or more share directly or indirectly in the company capital and one of the associated parties of the company and me, my spouse and my relative by blood and marriage up to third degree.
- b) That I did not work conducted duty as member of board of directors within the last five years in companies conducting whole or a certain part of company activities and organization within the frame of accrued agreements, primarily the companies conducting audit, grading and consultancy of the company,
- c) That I was not partner, employee or member of board of directors in any companies offering significant service or product to the company within the last five years,
- d) That I am not a shareholder in Company capital/that my share ratio in the company capital is less than 1% and these shares are not privileged,
- e) That I have sufficient occupational education, knowledge and experience to fulfill duties that I will undertake due to independent membership of board of directors properly as seen from my enclosed CV,
- f) That I have not been working public institutions and agencies as full time as of the current situation,
- g) That I am considered as settled down in Turkey according to Income Tax Law,
- h) That I will be able to contribute positively to Company activities, keep my objectivity in conflicts of interest among company partners and decide freely by taking right of stockholders into consideration,

- i) The I will spare time for business operations to the extent that I will be able to track process of company activities and fulfill

duties I undertake fully. 12.03.2012 Atıl SARYAL - signature

7. HÜSNÜ ERTUĞRUL ERGÖZ - INDEPENDENT MEMBER AUDIT COMMITTEE CHAIRMAN

**Duty Term 18 April 2012- March 2015 (Until 2014
Ordinary General Board meeting.)**

Dr. Hüsnü Ertuğrul ERGÖZ

Hüsnü Ertuğrul Ergöz obtained its bachelor's degree in 1963 from Robert Collage High School Chemistry department. He obtained his master degree from ODTÜ in 1965 and his doctorate degree from Florida State University in 1970.

Ergöz served as academic member in ODTÜ Chemistry department between 1972-1976.

Starting his professional life as Technical Study and Project Expert at Kordsa, Ergöz undertook several duties within group companies such as Sabancı Holding and Brisa. He retired from Sabancı Holding General Secretariat in 2003. After his retirement, he served as member of board of directors at Pressan AŞ. Ergöz conducts studies on "Institutionalization in Family Companies".

DUTIES HE CONDUCTED OUT OF THE COMPANY:

In Group ;

- SASA POLYESTER SANAYİ A.Ş. Independent Member of Board of Directors.
- AFYON ÇİMENTO SANAYİ T.A.Ş. Independent Member of Board of Directors.

Out of Group ;

- VAKKO TEKSTİL VE HAZIR GİYİM SANAYİ İŞLETMELERİ A.Ş. Independent Member of Board of Directors.
- Member of BOSPHORUS UNIVERSITY ALUMNI ASSOCIATION (BÜMED).

INDEPENDENCE DECLARATION

I declare that I am candidate for serving as "independent member" within the scope of criteria determined in Corporate Management Principles announced by legislation, main contract and Capital Markets Agency in Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş (Company) Board of Directors, within this scope;

- a) No commercial relations in directly or indirectly employment, capital or important quality within the last five years between the Company and legal persons that the company is associated with in terms of capital or management of stakeholders owning 5% or more share directly or indirectly in the company capital and one of the associated parties of the company and me, my spouse and my relative by blood and marriage up to third degree.
- b) That I did not work conducted duty as member of board of directors within the last five years in companies conducting whole or a certain part of company activities and organization within the frame of accrued agreements, primarily the companies

conducting audit, grading and consultancy of the company,

- c) That I was not partner, employee or member of board of directors in any companies offering significant service or product to the company within the last five years,
- d) That I am not a shareholder in Company capital/that my share ratio in the company capital is less than 1% and these shares are not privileged,
- e) That I have sufficient occupational education, knowledge and experience to fulfill duties that I will undertake due to independent membership of board of directors properly as seen from my enclosed CV,
- f) That I have not been working public institutions and agencies as full time as of the current situation,
- g) That I am considered as settled down in Turkey according to Income Tax Law,
- h) That I will be able to contribute positively to Company activities, keep my objectivity in conflicts of interest among company partners and decide freely by taking right of stockholders into consideration,
- i) The I will spare time for business operations to the extent that I will be able to track process of company activities and fulfill

duties I undertake fully. 13.03.2012 Hüsnü Ertuğrul ERGÖZ - signature

Senior Management:

1. Cenk ALPER (CEO (Chief Executive Officer))

Cenk Alper graduated from Middle East Technical University Department of Mechanical Engineering in 1991, obtained his master degree from the same department in 1994 and completed Sabancı University Executive MBA program in 2002.

Starting his business life as Process Engineer at Beksa in 1996, Alper continued his career with various manager positions in technology and production departments. After he worked as Project Manager at Bekaert Technology Center (Belgium) in 2002, he served as Factory Manager responsible for North and South America Factories in Tennessee/USA and then returned to Belgium as Manager of Technology Center Product Development.

He participated in Kordsa Global in 2007 as Global Technology Director and served as Deputy Chairman Responsible for Technology and Market Development between 2009-2010.

Cenk Alper assigned to Deputy Chairmanship Responsible for Operation in 2010 October, "Chairman and CEO" on 17 June 2013 and has been conducting its duty as CEO (Chief Executive Officer) since 19 September 2014.

DUTIES HE CONDUCTED OUT OF THE COMPANY:**In Group;**

- Direct Subsidiary / Kordsa Inc. (United States of America) Chairman.
- Direct Subsidiary / Kordsa Inc. (United States of America) Chairman of Board of Directors.
- Direct Subsidiary / Kordsa Brasil S.A. Chairman of Board of Directors.
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Deputy Chairman of Board of Directors.
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Board of Directors.
- Direct Subsidiary / Thai Indo Kordsa CO. LTD. (Thailand) Member of Board of Directors.

2. Ali ÇALIŞKAN (Deputy Chairman, Operation)

Ali Çalışkan obtained its bachelor's degree from ODTÜ Department of Mechanical Engineering in 1983 and started his professional business life in 1984 at Soyut Holding as Project Engineer. He participated in Kordsa Turkey in 1986 as Technical Bureau Engineer and transferred to Dusa as Project Engineer with the foundation of Dusa (SA-DUPONT Partnership) in 1987 October. Undertaking managerial duties in Polymer Production, Yarn Production, Engineering Maintenance and Support, Project and Production departments at Dusa and Kordsa Turkey since 1989, Çalışkan promoted to Operation Director, Kordsa Turkey position in 2005 and assigned to Operation Director, Kordsa Turkey & Nilekordsa in 2009. Çalışkan undertook Operation Director, Indo Kordsa duty within the scope of international assignment in 2010 March and assigned to duty of Deputy Chairman Responsible for Operation on 17 June 2013.

DUTIES HE CONDUCTED OUT OF THE COMPANY:**In Group;**

- Direct Subsidiary / Nile Kordsa Company SAE (Egypt) Member of Board of Directors.
- Direct Subsidiary / Kordsa Brasil S.A. Deputy Chairman of Board of Directors.
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Executive Board.
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Board of Directors.
- Direct Subsidiary / Thai Indo Kordsa CO. LTD. (Thailand) Member of Board of Directors.

3. Bülent ARASLI (Deputy Chairman, Sales)

Bülent Araslı graduated from Middle East Technical University Department of Business in 1992 and obtained its master of business administration (MBA) degree from Bosphorus University in 1983. Starting business life in 1982 as Export Expert at Çukurova İhracat, Araslı continued its career at MAN Kamyon ve Otobüs A.Ş.

He participated in Kordsa Global in 1986 as Export Expert, assigned as Europe-Middle East-Africa Region Marketing and Sales Director in 2000 due to the various sales and marketing responsibilities it undertook; he undertook duty of Interkordsa GmbH, Kordsa GmbH (Germany) General Manager and Global Single Cord Business Leader between 2005-2009; served as Global Customers Sales and Market

Intelligence Directorship between 2009-2010.

Bülent Araslı assigned to Deputy Chairmanship Responsible for Sales in 2010 October.

DUTIES HE CONDUCTED OUT OF THE COMPANY:**In Group;**

- Direct Subsidiary / Nile Kordsa Company SAE (Egypt) Member of Board of Directors.
- Direct Subsidiary / Kordsa Brasil S.A. Member of Board of Directors (Reserve).
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Executive Board.
- Direct Subsidiary / Thai Indo Kordsa CO. LTD. (Thailand) Member of Board of Directors.

4. Hakan ÖKER (Deputy Chairman, Human Resources (HR) and Information Technologies (IT))

Hakan Öker graduated from Hacettepe University Department of Sociology in 1986.

Starting his business life as Personnel Expert at Beksa, Bekaert-Sabancı Çelik Kord A.Ş. in 1988 and after undertaking different responsibilities in Beksa between 1988-1998, Öker undertook liability of Kordsa Turkey Human Resources Director, Tire, Reinforcement Materials and Automotive Group Quality and Information Systems, Joint Services Directors and then continued as Projects Director and undertook Global Human Resources responsibility in 2007 January.

Hakan Öker assigned to Deputy Chairman Responsible for Human Resources and Information Systems in 2009 January.

DUTIES HE CONDUCTED OUT OF THE COMPANY:**In Group;**

- Direct Subsidiary / Kordsa Brasil S.A. Deputy Chairman of Board of Directors (Reserve).
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Executive Board.
- Direct Subsidiary / Thai Indo Kordsa CO. LTD. (Thailand) Member of Board of Directors.

Out of Group;

- KalDer - Turkish Quality Association, Member of Board of Directors.
- KalDer - Turkish Quality Association, Chairman of Turkish Excellence Award Execution Board.
- TTSİS - Turkish Textile Employers' Association, Member of Advisory Board.

5. Fatma Arzu Ergene (Deputy Chairman, Finance and Purchasing)

Arzu Öngün Ergene graduated from Marmara University Department of Business in English in 1991, obtained her master of business administration (MBA) degree from Loyola University of Chicago in 1993.

She participated in Kordsa Global in 1994, conducted duties of

Marketing Expert between 94-99, Finance Manager between 1999-2005 and EMEA Financial Affairs Director between 2005-2009, Directorship of Global Purchasing between 2009-2013 and assigned as “Deputy Chairman of Finance and Purchasing” as of 1 June 2013.

DUTIES HE CONDUCTED OUT OF THE COMPANY:

- Direct Subsidiary / Nile Kordsa Company SAE (Egypt) Member of Board of Directors.
- Direct Subsidiary / PT Indo Kordsa Tbk (Indonesia) Member of Board of Directors.
- Kordsa Inc. (United States of America) Member of Board of Directors.
- Kordsa Inc. (United States of America) Deputy Finance Chairman.
- Direct Subsidiary / PT Indo Kordsa Polyester (Indonesia) Member of Board of Directors.

6. İbrahim Özgür YILDIRIM (CTO (Chief Technology Officer))

İbrahim Özgür Yıldırım completed his bachelor’s and master degrees at ODTÜ Department of Chemical Engineering and Sabancı University Department of Business in 1993 and 2005. He started business life at Rafine Kimya in 1994 and worked in various production companies until he started to serve as Technical Engineer at Sakosa in 1998. He worked as Technical Engineer and Production Engineer at Sakosa between 1998-2005 and promoted to duty of Kordsa Turkey Technical Manager in 2007. By being transferred as New Product Development Manager to the Global Technology Center in 2008, İbrahim Özgür Yıldırım was assigned as New Product and Process Development Director in 2009. İbrahim Özgür Yıldırım was assigned as Technology Development Director in 2011, conducted duties as Deputy Chairman y proxy, Technology and Market Development from May 2013 to 1 October 2013 and assigned as “CTO - Chief Technology Officer” on 1 October 2013

7. Sibel RAİF (CMO (Chief Marketing Officer))

By obtaining bachelor’s and master degrees from Bosphorus University and Washington University Department of Business in 1994 and 1998, respectively, Sibel Arif started her professional business life as Deputy Research Manager at Procter&Gamble in 1994. Participating in Procon Market Research as Customer Manager in 1995 and after working in Business Development Department at Monsanto USA in 1997, Sibel served as Marketing Manager at Monsanto Turkey between 1998-2000. Participating in Kraft Foods in 2000 and conducting various duties, Sibel worked as Marketing Director between 2007-2011. Starting to work as Sales and Marketing Director at Goodyear in 2011, Raif sustained her this duty until December 2013.

5.2. Activity Principles of Board of Directors

Board of Directors is gathered frequently enough to fulfill their duties effectively, conducts its activities in a transparent, accountable, fair and responsible manner, and considers company’s long term interests while doing this. Board of Directors is obliged to be gathered at least four times annually and in case of need.

Decisions of Board of Directors are taken in Turkish and English.

In 2014 twelve-month period of the Company, 26 Board of Directors decisions were taken and 18 of them were taken via mail and circulation.

In 8 Board of Directors Decisions, signatures all of 7 Members of Board of Directors present.

In 18 Board of Directors Decisions, signatures 6 out of 7 Members of Board of Directors present. Signature of our Member of Board of Directors PETER CHARLES HEMKEN residing in United States of America did not present in decisions since he could not participate in the meetings where these decisions are taken since he comes Turkey in three month periods. He is informed about the decisions taken. Company managers informed him regarding their contents.

Working principles of Board of Directors, meeting and decision quorums are fulfilled by considering the provisions contained in 14, 15, 16, 17, 18, 19, 21 and 22. articles of Company main contract.

In the meeting held in 2014 twelve month period, different view against the decisions taken by Members of Board of Directors was not disclosed.

Damages that members of board of directors may cause to the company due their mistakes during their duties were insured with security of USD 40.000.000 within the scope of manager liability policy.

5.3. Number, Structure and Independence of Committees Created Within Board of Directors

Board of Directors utilizes committee works while fulfilling its duties and liabilities. Decisions taken as a result of works made by committees are presented as proposal and final decision is taken by the Board of Directors.

In the board of directors, pursuant to 4.5. article of Committed Created Within the Board of Directors of “CORPORATE MANAGEMENT NOTICE” numbered II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and numbered 28871,

No committee other than the **Audit Committee, Corporate Management Committee** and **Early Detection of Risk Committee** were established.

Audit Committee;

To fulfill duties foreseen for audit committee in the SPK legislation. Also, to fulfill the accounting system of the company, disclosing financial information to the public, supervision of operation and efficiency of internal audit and company’s internal control system.

Corporate Management Committee;

Tracks compliance to Corporate Management Principles of the Company, makes corrective suggestions and supervises works of Investor Relations Department. Apart from these, Corporate Management Committee also fulfills functions of “Nomination Committee” and “Wage Committee”.

Early Detection of Risk Committee;

It conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Due to job expertise required by the committee members, our Company's Deputy Chairman of Board of Director-Executer Officer Neriman ÜLSEVER served in Corporate Management Committee and Risk Committee and our Company's Independent Member of Board of Director Atıl SARYAL served in Audit Committee, Corporate Management Committee and Risk Committee.

AUDIT COMMITTEE, COMMITTEE MEMBERS AND WORKING PRINCIPLES

Name Surname	Job	Essence of Membership of Board of Directors
Hüsnü Ertuğrul ERGÖZ	Audit Committee Chairman	Independent Member of Board of Directors
Atıl SARYAL	Audit Committee Member	Independent Member of Board of Directors

Audit Committee

Within the scope of 28/A article provision added to Notice on Independent Audit in Capital Market with Serial:X No:16 of Capital Market Board with Notice with Serial:X No:19, duty of Audit Committee founded with the Board of Directors Decision dated 17 March 2003 numbered 743 requires to inform Company's Board of Directors on Company's accounting system, financial reporting, financial information disclosed to the public, activities of internal audit department, independent audit and operation and efficiency of internal control system and fulfill supervision function in these regards by supporting works of Company on compliance to related laws and acts, Corporate Management Principles and Company's ethical rules, primarily the Capital Markets Board Legislation.

Structure and Liability Fields of the Committee

Independent Member of Board of Directors Hüsnü Ertuğrul ERGÖZ conducts Chairmanship of Audit Committee consisting of two persons with our Company and Independent Member of Board of Directors Atıl SARAL conducts its Membership. (They were elected on 18 April 2012.)

With the decision of our Company's Board of Directors decision dated 28 March 2014 and numbered 2014/9, after the 2013 Partners Ordinary General Board Meeting held on 28 March 2014, it was decided to continuity of their Membership of Audit Committee.

Members consist of persons not directly undertaking execution function and carrying capacity of independent member in the Board of Directors and owning sufficient knowledge and experience on financial issues. Chairman and Member of Audit Committee are assigned by the Board of Directors. Spokesmanship of Audit Committee is conducted by Company's internal audit unit. Reporter is assigned by the Chairman of Audit Committee. Resources and any kind of support required for Audit Committee to conduct its duty are provided by the Board of Directors.

Audit Committee makes supervision of operation and efficiency of accounting system, disclosure of financial information to the public, independent audit and Company's internal control system' and internal audit department. Therefore, the Committee enables financial and operational activities to be kept under observation, internal and external audit to be made in a healthy way, reports view

regarding compliance of financial statements to the reality, makes suggestions to the Board of Directors in selection of independent audit agency, reviews compliance to law, moral rules, conflicts of interest and Company policies regarding inquiries on poor management and tricky transactions and compliance of corporate management policies via internal audit department, discusses competency of internal control system by gathering with the internal audit department and enables to establish a communication bridge between board of directors, financial managers, independent auditors and internal audit department by organizing meetings regularly.

Audit Committee submits its detections and suggestion reached related to duty and liability fields to the Chairman of Board of Directors

Committee Meetings

Audit Committee is gathered as Company headquarter or at another place upon invitation of chairman of audit committee, at least for times a year as minimum quarterly.

The Committee can be called to extraordinary meeting by the Chairman of Board of Directors and Committee Chairman. Meeting with special agenda can be made with auditors and managers.

In 2014 twelve month period the Audit Committee was held for four times on 5 March 2014, 8 May 2014, 14 August 2014 and 5 November 2014; and examined the Company's consolidated financial statements, internal audit reports and approved audit calendar.

In its meeting dated 5 March 2014, it submitted a report to the Board of Directors regarding compliance and accuracy of 2013 independently audited consolidated financial reports dated 31 December 2014,

In its meeting dated 8 May 2014, of 2014 three-month consolidated financial reports dated 31 December 2014 and

In its meeting dated 14 August 2014, of 2014 semi-annual independently audited consolidated financial reports dated 30 June 2014 and

In its meeting dated 5 November 2014, of 2014 nine-month consolidated financial reports dated 30 September 2014 to be disclosed to the public

INTERNAL AUDIT DEPARTMENT

Company's Internal Audit Department makes reporting directly to the Audit Committee consisting of members of Board of Directors in Company organization structure pursuant to independence principle. Internal control mechanism is under the liability of Execution Committee and subsidiaries' management and is coordinated and audited by the Company Internal Audit Department. As a result of study of Quality Assurance Assessment (QAR) performed in the direction of criteria of International Internal Audit Institution (IIA) in 2014 by independent audit company KPMG

(Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.), it was certified that activities of Internal Audit Department were performed in accordance with the Internal Audit Standards.

Duties of Internal Audit Department are to control reliability and accuracy of financial statements of Company and its subsidiaries, make activities to be conducted in accordance with the laws and Company's accepted ethical rules, analyze processes, detect risks and contribute to finding solutions that will eliminate or minimize these risks for the purpose of increasing efficiency and efficacy of operations. Internal Audit Department is liable for making reporting to the Audit Committee periodically.

Audit reports issued as a result of audit works performed by the Internal Audit Department are communicated to the Senior

CORPORATE MANAGEMENT COMMITTEE, COMMITTEE MEMBERS AND WORKING PRINCIPLES

Name Surname	Job	Essence of Membership of Board of Directors and Senior Management
Atıl SARYAL	Corporate Management Committee Chairman	Independent Member of Board of Directors Audit Committee Member
Neriman ÜLSEVER	Corporate Management Committee Member	Deputy Board of Directors Chairman (Executive) Early Detection of Risk Committee Member
Bülent BOZDOĞAN	Corporate Management Committee Member	Member of Board of Directors
Fatma Arzu ERGENE	Corporate Management Committee Member	Deputy Chairman, Finance and Purchasing

Management and Board of Directors via Audit Committee and actions taken towards detected issues are tracked by the Internal Audit Department throughout the year. Also; Kordsa Global Management Board continuously tracks activities of Internal Audit Department thanks to the presentations made by Internal Audit Department in three-month periods via Audit Committee.

Internal Audit Department gathered for 4 times on 20 March 2014, 19 June 2014, 18 September 2014 and 18 December 2014 with the Audit Committee in 2014 twelve-month period.

Corporate Management Committee

This committee established pursuant to effective Corporate Management Principles of Capital Markets Board (SPK or CMB) was founded with the decisions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors dated 24.04.2014 and numbered 979 and its Internal Regulations was approved and Internal Regulations was revised and approved with the decision dated 30.06.2014 and numbered 2014/15.

Pursuant to 4.5. article of Committed Created Within the Board of Directors of "Corporate Management Notice" numbered II-17.1 entered into force by being published in the Official Gazette dated 3 January 2014 and numbered 28871, Chairman of Corporate Management Committee is assigned among the independent members by the Kordsa Global Board of Directors.

Corporate Management Committee consists of maximum four members and two reporters including the Chairman assigned by the Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors in the direction of "Corporate Management Principles" of SPK.

Structure and Liability Fields of the Committee

Independent Member of Board of Directors Atıl SARYAL (selected on 18 April 2012) conducts the Chairmanship of Corporate Management Committee consisting of four persons within the Company, Memberships are conducted by Deputy Chairman of Board of Directors Neriman ÜLSEVER (selected

on 18 April 2012.), Member of Board of Directors Bülent BOZDOĞAN (selected on 27 February 2014.) and Deputy Chairman of Finance and Purchasing Fatma Arzu ERGENE (selected on 30 June 2014.).

Corporate Management Committee; also undertook the duties of Nomination Committee and Wage Committee.

Members consist of persons not directly undertaking execution function and carrying capacity of official and independent member in the Board of Directors and persons owning sufficient knowledge and experience on Corporate Management issues undertaken directly execution function and carrying capacity of company senior manager.

It detects whether Corporate Management Principles are applied in Company, if not, the reasons and conflicts of interest occurred due to not obeying these principles exactly and makes

suggestions to the Board of Directors improving the corporate management applications.

Corporate Management Committee is gathered at least 4 times annually.

Committee Meetings

Meeting agenda is detected by the Chairman of Committee.

Members and stakeholders report the issued they request to be taken into agenda to the Chairman of Corporate Management Committee via Reporters.

Meetings are held at least four times a year at the place and date to be deemed appropriate by the Chairman. Annual meeting calendar of the Corporate Management Committee at each year beginning is determined and announced to all members by the Committee Chairman.

EARLY DETECTION OF RISK COMMITTEE, COMMITTEE MEMBERS AND WORKING PRINCIPLES

Name Surname	Job	Essence of Membership of Board of Directors
Atıl SARYAL	Early Detection of Risk Committee Chairman	Independent Member of Board of Directors Audit Committee Member Corporate Management Committee Member
Neriman ÜLSEVER	Early Detection of Risk Committee Member	Deputy Board of Directors Chairman (Executive) Corporate Management Committee Member

Corporate Management Committee makes all works it performed into written form and records them; submits the reports containing all information about its works and meeting results to the Board of Directors.

Persons to be deemed appropriate by the Chairman can participate in the meetings.

Corporate Management Committee gathered for 4 times on 20 March 2014, 19 June 2014, 18 September 2014 and 18 December 2014 with the Audit Committee in 2014 twelve-month period.

Also, in the meeting dated 18 December 2014;

- Kordsa Global A.Ş. revised its existing Information Policy within the frame of final amendments in the Capital Market Legislation, determined
- Kordsa Global A.Ş. Donations and Charities Policy within the frame of final amendments in Capital Markets Legislation,

it has been detected that maximum sensitivity on compliance to Trade Act, SPK Law, Tax Laws and other legislation provisions was demonstrated, legislation provisions were applied accurately and consistently on the condition of reviewing company applications, prepared report, revised Information Policy and determined Donations and Charities Policy was accepted in the Meeting of Board of Directors dated 18 December 2014 to be submitted to the Board of Directors.

Early Detection of Risk Committee

This committee established pursuant to effective Turkish Trade Act no 6102 and Corporate Management Principles of Capital Markets Board (SPK or CMB) was founded with the decisions of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors dated 02.08.2013 and numbered 2013/15 and its Internal Regulations were approved.

Structure and Liability Fields of the Committee

Independent Member of Board of Directors Atıl SARYAL (selected on 18 April 2012) conducts Chairmanship of Early Detection of Risk Committee consisting of two persons within our Company and membership is conducted by Deputy Chairman of Board of Directors Neriman ÜLSEVER.

Members consist of persons not directly undertaking execution function and carrying capacity of official and independent member in the Board of Directors and owning sufficient knowledge and Corporate Management issues.

Early Detection of Risk Committee; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Early Detection of Risk Committee is gathered at least 4 times annually.

Committee Meetings

Meeting agenda is detected by the Chairman of Committee.

Members and stakeholders report the issues they request to be taken into agenda to the Chairman of Early Detection of Risk Committee via Reporter.

Meetings are held at least four times a year on date to be deemed appropriate by the Chairman. Annual meeting calendar of the Early Detection of Risk Committee at each year beginning is determined and announced to all members by the Committee Chairman.

Risk reports are reviewed by Early Detection of Risk Committee for the purpose of conducting risks efficiently and submitted to the Board of Directors bimonthly.

Early Detection of Risk Committee gathered for 6 times on 20 March 2014, 19 June 2014, 15 July 2014, 18 September 2014 and 15 October 2014 with the Audit Committee in 2014 twelve-month period.

Also, in the meeting dated 18 December 2014;

- It has been discussed that any case against expectations of Corporate Risk Management in decisions and applications of Company Management,
- That works of Relations With Shareholders Unit were reviewed on the condition of examining associated documents and care shown in one-to-one interviews with the relevant managers in press meetings held within the period, in investor relations,
- That risks with high potential affecting the Kordsa Global were determined by the Kordsa Global Management Committee,
- That operations risk analysis studies and country risk reports were prepared in all facilities and locations being participant of Kordsa Global,
- That detected 24 risks were re-prioritized in the meeting held on 22.10.2013 by the Kordsa Global Management Committee (ELT) and reviewed with the November 2014 results in the meeting of Kordsa Global Management Committee (ELT) held within the November 2014 and that result were discussed with the Committee,

it has been detected that maximum sensitivity on compliance to Trade Act, SPK Law, Tax Laws and other legislation provisions was demonstrated, legislation provisions were applied accurately and consistently on the condition of reviewing company applications and the report was accepted in the Meeting of Board of Directors dated 18 December 2014 to be submitted to the Board of Directors.

5.4. Risk Management and Internal Control Mechanism

Kordsa Global Corporate Risk Management

With regard to Kordsa Global Corporate Risk Management, Risk Management established company standard (CFN.007)

and published within the organization on 01.07.2012. Related standard is reviewed annually by the Kordsa Global Execution Board. Company standard explains company applications on the following issued and secured them.

- Kordsa Global Risk Management approach
- Assignment of liabilities and compliance
- Detecting risks
- Assessment of risks
- Establishing risk tracking reports
- Prioritizing risks
- Risk action plans
- Monitoring and reporting risks
- Auditing risks

Business Continuity Management became a management standard that will constitute the milestone of Kordsa Global Corporate Risk Management applications. Participants of Kordsa Global all around the world were examined in country and facility detail, risks were detected and required actions and risk prevention plans were identified. Crisis Emergency Case Management standard covering all facilities of Kordsa Global was established. Crisis Emergency Case Management Drill was performed within 2014 and roles and liabilities within the organization were reinforced.

Country originated risks were identified in all facilities and prioritized in accordance with the CFN.007 Risk Management company standard. Action plans were established towards management of risks owning high risk score.

Kordsa Execution Board included Corporate Risk Management issues into the monthly meeting agenda and country risks and important risks affecting Kordsa Global were monitored continuously.

Kordsa Execution Board prioritized risks that Kordsa Global subjected to and completed studies required for tracking important risks via Critical Risk Indicators.

Early Detection of Risk Committee established by Kordsa Board of Directors; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Risk reports are reviewed by Early Detection of Risk Committee in coordination of Deputy Chairman of Kordsa Global Finance and Purchasing for the purpose of conducting risks efficiently and submitted to the Board of Directors bimonthly.

Risk management reports were coordinated with the Audit Department and included within the audit plan for the purpose of tracking and auditing of risks detected by Kordsa Global Corporate Risk Management System and all audits were performed according to the plan.

Kordsa Global initiated global insurance management program for its assets throughout the world in parallel to and as complementary to corporate risk management applications. Risk management and insurance management being a transfer tool of risks were integrated with this structure.

5.5. Company's Strategic Targets

Company Board of Directors disclosed this in written in the annual report by determining Company's vision and mission and at the same time on the website accessed from <http://www.kordsaglobal.com> to the public.

Board of Directors determined the three-year strategic targets by discussing with Senior Management. It approves the annual budget prepared within the frame of these strategic targets.

Board of Directors is familiar with the application process of decisions taken in parallel to the comparing presentations it acquires from Company authorities at the meetings. In these presentations, current year's budget and its actual comparison as well as the same periods of the past periods are submitted to the knowledge of Board of Directors.

Kordsa Global has strategic interventions within the frame of following titles with the vision of "Kordsa Global agile in business fields with high added value for sustainable growth".

Strategic interventions are described in annual report and on the corporate website accessed from <http://www.kordsaglobal.com> to the public.

Operational Excellence

Kordsa Global manages its operations within this strategic initiative within the frame of competitive cost, simple and agile Kordsa Global and agile and entrepreneur teams.

Job Postings with High Added Value

Kordsa Global works in the direction of developing new products for "environment friendly" tires to its sector and being Leader Company in its sector's product and service quality within this strategic initiative.

Growth

Kordsa Global has focused on assessment of new job fields out of tire and profitable growth target in its operations towards tire within this strategic initiative.

Kordsa Global and its employees adopt the following values corporately while applying the strategic business plans and reflects them to its way of doing business.

- Labor health, labor security and environment,
- Commitment to laws and ethical values,
- Customer orientation,
- Open-mindedness,
- Cooperation and solidarity culture,
- Result orientation,

- Continuous improvement.

Kordsa Global performed its opening of "Kratos Production Line" in its new business branch concrete reinforcement and groundbreaking ceremony of "Composite Technologies Excellence Center" to shape its future by being actualized with the cooperation of industry-university in its other new business branch Composite field contained in its long term strategies at the end of 2014.

All news related to these developments being the most important indicators of technological progress, innovation and entrepreneurship were announced to stockholders on the Company's website.

It will continue to prioritize continuously improvement projects for efficiency and performance increases in 2015.

Also, the Company develops systems that may create opportunities for continuous development and business excellence while performing all these strategic targets and applies human resource development planning in parallel to the global strategy.

5.6. Financial Rights

General Board determined the payment and peace right to be paid to Chairman and Members of Board of Directors.

Payments made to the senior manager are disclosed to the public in our financial statement footnotes.

Also, detail information is contained in footnote no 27 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

Payment plans, based on stock options or company performance, are used in pricing of independent members of board of directors.

For Members of Board of Directors and Senior Managers of the Company, pursuant to obligatory Corporate Management Principle no 4.6.2. of SPK, pricing principles of Members of Board of Directors and senior managers became written by our company.

This issue provided opportunity to report view in this regard to the shareholders by submitting to the knowledge of partners as an individual article in the 20122 Partners Ordinary General Board Meeting held on 18 April 2012.

This Wage Policy established by the Company for Members of Board of Directors and Senior Managers defines pricing system and application of our members of board of directors and senior managers within the scope of those having administrative liability within the scope of SPK regulations. Wage Policy was disclosed to the public as of 27 March 2012 from Company's website accessed from <http://www.kordsaglobal.com>.

Members of Board of Directors do not have any debts to the Company transferring from previous years and also the Company in 2014 twelve-month period; did not give loan to any Members of Board of Directors, did not have credit used under its personal credit name via a third person or give guarantees such guarantees in favor.

In the 2012 Partners Ordinary General Meeting held on 28 March 2013;

It was decided to pay monthly gross fee of 3.000 TL to the Members of Board of Directors during their duty terms

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş. BOARD OF DIRECTORS ANNUAL REPORT OF 01 JANUARY 2014 - 31 DECEMBER 2014 ACCOUNTING YEAR

1. General Information:

a) Accounting period of the report:

01 January 2014 - 31 December 2014 Accounting Period

b) Company's trade title, trade registration number, contact information regarding its headquarter and branches and website address:

Trade Title: Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi

Quarter Name : Sabancı Center Kule:2 Kat:17 34330 4.Levent, Beşiktaş / İSTANBUL - TÜRKİYE

Contact Address: Sabancı Center Kule:2 Kat:17 34330 4.Levent, Beşiktaş / İSTANBUL - TÜRKİYE

Telephone: 0212-385 85 30

Fax: 0212-281 00 12, 282 54 00

Addresses of Production Facilities: Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi Factory

Alikahya Fatih Mahallesi Sanayi Caddesi No:90 İZMİT 41310 / KOCAELİ - TÜRKİYE

Information related to our production facilities abroad is located on our website

Electronic Mail Address: info@kordsaglobal.com

Web Address: www.kordsaglobal.com

Registration Date: 17.08.1973

Mersis No: 0577-0053-5640-0013

Trade Registration Number: 123648

Registry of Commerce: T.R. Istanbul Registry of Commerce

Tax Office: Large Taxpayers

Tax No: 577 005 3564

c) Company's organization, capital and partnership structures and amendments regarding them within the fiscal period:

Briefly Kordsa Global:

"Kordsa Kord Bezi Sanayi ve Ticaret Anonim Şirketi" founded in İzmit district of Kocaeli in 1973 has been operating since 9 February 2006 with trade title "Kordsa Global Endüstriyel İplik

ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi" as subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding").

Main Area of Activity of Kordsa Global:

Manufacturing of yards found in structure of tires and forming the main frame; manufacturing of industrial fabrics and industrial cord found in structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses; manufacturing of heavy denier fiber and connection fabrics; turning any kind of yards into rubber cord fabric, fabrics used in mechanical rubber goods, guide fabrics and other rubber reinforced material and their marketing; Manufacturing od Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester and rayon heavy decitex yard and all marketing, sales, exportation and importation and

Participating in capitals and managements of local or foreign companies founded and/or to be founded for the purpose of working on any kind of business subject particularly commercial, industrial, infrastructure services, transportation services, mining, touristic, construction subjects; to make them to be managed by creating competing conditions that will respond to needs and in favor of companies whose capitals and management it participated in and more efficiently, rational and profitably depending on the same management and behavior relations and in accordance with the current conditions and other works written in text of amendment to the main contract registered on 1.4.2013,

Capital and Partnership Structure:

Registered Capital: 500.000.000,00 TL

Paid Capital: 194.529.076,00 TL

Partners Owning more than 10% of Company Capital:

There are no real person ultimate controlling shareholder of the Company.

Whole of Company stocks (shares) are registered.

Company's stocks have been putting into process in Borsa Istanbul A.Ş. (BİST) since 1991.

The Company can not make tracking of share transfers of shareholders representing its public capital (8,891035%).

The Company is only informed 1 stockholder who is owner of stocks/dividends representing other capital of the company (91,108965%).

Shareholders possessing Kordsa Global's stocks and their share ratios are as follows:

Shareholder	Number of Shares	Capital Ratio (%)	Share Lot	Share Amount Nominal (TL) (1 Share 1 Kr)
Hacı Ömer Sabancı Holding A.Ş.	17.723.342.701	%91,108965	Registered	177.233.427,01
Other	1.729.564.899	%8,891035	Registered	17.295.648,99
Total	19.452.907.600	100,000000%		194.529.076,00

ç) Privileged Shares, Shares' Right to Vote:

According to Company Main Contract, there is one right to vote for each share in the Board of Directors and there is no privilege in right to vote.

There are no company that our company has mutual shareholding benefits.

There are no provision restricting stock transfer in the articles of association.

Share transfers among partners is performed within the framework of Turkish Trade Act and Capital Markets Law provisions.

Shareholder	Right to Vote	Capital Ratio (%)	Right to Vote Ratio (%)	Share Amount (TL)
Hacı Ömer Sabancı Holding A.Ş.	17.723.342.701	91.11	91.11	177.233.427,01
Other	1.729.564.899	8.89	8.89	17.295.648,99
Total	19.452.907.600	100.00	100.00	194.529.076,00

d) Management body, senior managers and number of personnel:**Board of Directors:**

	JOB	NAME AND SURNAME		MANAGEMENT BOARD MEMBERSHIP FIRST BEGINNING	JOB DURATIONS 3 YEARS	
					BEGINNING	ENDING
1	CHAIRMAN	MEHMET NURETTİN PEKARUN	EXECUTIVE MEMBER	30.09.2010	18.04.2012	MART 2015
2	DEPUTY CHAIRMAN	NERİMAN ÜLSEVER	EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER	16.08.2011	18.04.2012	MART 2015
3	MEMBER	PETER CHARLES HEMKEN	NON-EXECUTIVE MEMBER	20.09.2013	20.09.2013	MART 2015
4	MEMBER	BÜLENT BOZDOĞAN	NON-EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE MEMBER	03.08.2010	18.04.2012	MART 2015
5	MEMBER	SEYFETTİN ATA KÖSEOĞLU	NON-EXECUTIVE MEMBER	16.08.2011 18.04.2012	20.12.2013	MART 2015
6	MUGWUMP	ATIL SARYAL	NON-EXECUTIVE MEMBER CORPORATE MANAGEMENT COMMITTEE CHAIRMAN AUDIT COMMITTEE MEMBER EARLY DETECTION OF RISK COMMITTEE MEMBER	18.04.2012	18.04.2012	MART 2015
7	MUGWUMP	HÜSNÜ ERTUĞRUL ERGÖZ	NON-EXECUTIVE MEMBER AUDIT COMMITTEE CHAIRMAN	18.04.2012	18.04.2012	MART 2015

Senior Management

	NAME AND SURNAME	JOB
1	Cenk ALPER	CEO (Chief Executive Officer)
2	Ali ÇALIŞKAN	Deputy Chairman, Operation
3	Bülent ARASLI	Deputy Chairman, Sales
4	Hakan ÖKER	Deputy Chairman, Human Resources (HR) and Information Technologies (IT)
5	Fatma Arzu ERGENE	Deputy Chairman, Finance and Purchasing
6	İbrahim Özgür YILDIRIM	CTO (Chief Technology Officer)
7	Sibel RAİF	CMO (Chief Marketing Officer)

CORPORATE MANAGEMENT NOTICE (II-17.1), CORPORATE MANAGEMENT PRINCIPLES, 2.2. Annual report,

2.2.2. a)

Personal backgrounds of Board of Directors Members and managers, information on tasks they conduct out of the company and statements regarding independence of Board of Directors Members are contained on our www.kordsaglobal.com website and 5.1. article of Report on Compliance to 2014 Corporate Management Principles.

2.2.2. b)

Members of committees established within the Board of Directors, their meeting frequency, working principles to contain conducted activities and assessment of board of directors regarding efficiency of committees are contained in 5.3. article of Report on Compliance to 2014 Corporate Management Principles.

2.2.2. c)

Number of meetings of Board of Directors within the year and state of participation of Board of Directors Members in the said meetings are contained in 5.2 article of Report on Compliance to 2014 Corporate Management Principles.

• Number of personnel (as of 31.12.2014):

Excluding Sub Employer

Country	Number of Employees
Turkey	1.121
Indonesia	1.152
Thailand	373
Brazil	398
USA	366
Egypt	248
Germany	87
China	4
Total	3.749

Employee Distribution (%)

413	Women	% 11,02
3.336	Men	% 88,98

White Collar Employee Educational Background (%)

1,2 %	Doctorate
18,7 %	Post Graduate
44,9 %	Bachelor's Level
10,1 %	Associate
25,1 %	High School and below

Collective Contract Applications:

In our Company, Provisions of XXIII. Period Group Collective Labor Contract signed on 15 August 2013 between Turkish Textile Weaving and Clothing Industry Labor Unions (TEKSİF) that our unionized employers are members and Turkish Textile Employers' Association that our Company is a member.

e) If any, information on transactions that management body members make with the company on behalf of themselves or another person within the frame of permission given by company general board and their activities within the scope of prohibition of competition.

Our Chairman and Members of the Board have been freed to make treatments in the directions of 395. and 396. articles of Turkish Trade Act by General Board.

In twelve-month period in 2014, Company members of the board did not make any transaction with the company and/or make any attempts that may be competitor in the same fields of activity.

2. Financial rights provided to management body members and senior managers:

This issue took place in 5.6. article of Compliance to 2014 Corporate Management Principles Report of the company belonging to twelve-month period in 2014 and also detail information is contained in footnote no 27 of the descriptive report regarding audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

3. Company's research and development studies:

Innovation-Technology

KORDSA GLOBAL who turned "Innovation" and "Perfection" concepts into company culture, has been developing new products, new processes and methods and taking steps that will constitute basis for industrialization of these new product and production process in its R&D Center located in Kocaeli. Kordsa Global R&D Center gained right to obtain "R&D Center Certificate" as of "24 April 2009" as a result of assessments made within the frame of "Law on Supporting Research and Development Activities" no 5746. It has been passing through audit via arbitrators and commission assigned by the related Ministry as of activity period each year due to the said certificate and incentives it utilizes and has completed these audits with success since its foundation. As a result of the audits, decision of expanding incentives for 1-year duration is given. Finally, our R&D Center was informed that it can continue to utilize incentives for 1 more year within the last August.

Kordsa Global was successively selected the Most Successful R&D Center of the Sector in its second year in R&D Centers Performance Assessment conducted by Ministry of Science, Industry and Technology within the scope of all R&D Centers in Turkey.

78 persons has been working for projects within the existing project portfolio since December 2014. 6% of the employees have doctorate degree and above, 33% of them have master degree and 26% of them have bachelor's degree.

New product sales turnover performed as USD 27 Million in 2013 accrued as USD 40 Million in 2014 by increasing approximately 48%. New products of Kordsa Global and intellectual properties it created with more than 100 patents reinforce its technology leadership in tire strengthening market.

Also, branding in new products is still ongoing. Besides Twixtra, Monolyx, Capmax brands obtained since found of the R&D Center, Hartech and Kratos brands were added this year. Kordsa Global utilizes Turquality supports for studies towards increasing the brand value.

Besides, two new Business units were actualized in 2014 April demonstrating that continuous renewal and technological leadership concepts became internalized. Building Strengthening Business Unit has started its operation by launching our Kratos branded products. Our Composite Strengthening Business Unit has started its investments and performed its first carbon fiber fabric weaving.

In December, groundbreaking ceremony of Composite Technologies Perfection Center was performed which is an innovative industry-university cooperation established by Kordsa Global and Sabancı University. In the Center, post graduate education in composite materials fields, basic research, applied research, product development, production, incubation services and commercialization activities will be performed; doctorate

students and post-doctorate researchers, faculty members, incubation companies, researchers, engineers and human resources to take part in production will work simultaneously under the same root.

Investments in these regards shall increasingly go on.

Labor Health, Labor Security and Environment

Kordsa Global has been considering security and health of employees a basic value for a long time. Besides, there are wide ranging local and national legal regulations towards encouraging a secure workplace. Wide ranging and continuous training and regular security audits carry basic importance in order to understand security laws and act in accordance with them.

Priority in all activities performed at Kordsa Global is "Labor Health", "Labor Security-Environment" and "Quality".

At Kordsa Global, it is thought that all work accidents and diseases related to the work can be prevented. Therefore, training on labor health, labor security and environment is given to all employees coming to work site event for a short-term task and scope of security training is expanded due to identified training requirements.

In 2014 twelve-month period, there were no suits filed against the company due to any environment management and its effects.

Application Rules

1. High performance standards, Business Excellence

Kordsa Global shall comply with the highest standards for operation of its facilities safely and protecting the environment, personnel and public in settlements where its customers present. Kordsa Global shall enforce its works by making security, health and environment protection issues an integral part of its all activities and continuously making effort in making work activities complaint with the expectations of public.

2. Zero injury, diseases and accident target

Kordsa Global believes that all injuries and occupational diseases as well as accidents related to labor security and natural environment are preventive and its target for all of them is zero. Kordsa Global assess the impact of each facility it offers to construct on environment and shall design, construct, operate and make their maintenance in such a manner that is secure and acceptable for settlements they bound to and to protect the natural environment.

Kordsa Global shall be prepared for emergency situations and provide leadership to the settlement it is found in order to help them in getting prepared against emergency situations.

3. Zero waste and emission target

Kordsa Global shall work in the direction of zero waste at source. Materials shall be reused and recycled in order to minimize business or disposal need and protect sources. Wastes shall be treated and disposed in a secure and responsible way at the place where they are generated. Kordsa Global shall progress towards

zero emission and while doing this, it shall give priority to struggle against emissions posing the biggest potential threat for health or environment.

In cases where past applications created conditions requiring correction, Kordsa Global shall correct them.

4. Protecting energy and natural resources, enforcing living quarters

Kordsa Global shall become prominent with its using coal, petroleum, natural gas, water, mineral and other natural resources efficiently and manage its lands in a manner to enforce living quarters for natural life.

The most important part of corporation's security culture is "what people do when nobody sees them". This culture is its life style. It goes beyond being only a program and becomes a part of our existence.

Kordsa Global is bound to the highest standards in operation of its entire facilities securely and protection of its personnel, customers and environment.

Foreign Assignments

As a global company, carrying information accumulation in other businesses to Kordsa Global businesses in different maturity and being able to offer different experience opportunities to employees are among corporation's HR targets. In this direction, today, there are short or long term tasks within Kordsa Global companies in different countries within many employees foreign assignment strengthening system.

In the next period, it is planned to maintain foreign assignments in the direction of needs and employee expectations.

Business Ethics Rules

Kordsa Global performs its activities in accordance with Kordsa Global Business Ethics Rules accepted by the board of directors.

Kordsa Global Business Ethics Rules regulate our Company's relations with customers, employees, stockholders, suppliers, business associates, competitors, environment and community; and collected under four main titles as legal liabilities, honesty, confidentiality and conflict of interest.

In our each facility, there is an assigned Ethics Rule Consultant responsible for application of Kordsa Global Business Ethics Rules as required.

Market Development Activities

In 2014 twelve-month period within the scope of market development activities, various activities towards increasing Kordsa Global's brand recognition and visibility, acquiring new customers in the existing and new markets and developing its market presence were conducted. In the direction of increasing Kordsa Global's brand recognition, articles were published in international sectoral magazines, advertisements were given and news bulletins were shared via electronic mail. Kordsa Global

products were introduced, business contacts with the existing customers as well as potential customers were established. Kordsa Global management were invited and participated as a speaker in important sectoral conferences in different regions around the world to share its know-how and experience.

Communication activities performed between 1 January 2014 and 31 December 2014 are as follows.

- Tire Technology Expo 2014, 11-12-13 February, Frankfurt, Germany (Fair participation, speaker)
- 11. International Istanbul Yarn Fair, 26-29 March 2014, Istanbul, Turkey (Fair participation)
- Chinese Rubber Industry Union Seminars (CRISA), 25-29 March 2014, (Participation, Lunch Sponsor)
- Tire Technology International- March Issue, (Brief product promotion and advertisement)
- Champion of Textile Innovation League Kordsa Global - 9 April
- Ceremony specific to personnel retired from Kordsa Global - 21 May
- Istanbul Building Fair - 6 May - (Participation - Interview with TRT and Dünya Newsletter)
- A detailed conversation with Kordsa Global CEO Cenk Apler in R&D attachment of Weekly Economist Magazine - 29 May
- Exportation award from TIM to Kordsa Global - 7 June
- Environment award from industry city Kocaeli to Kordsa Global - 13 June
- Santek 2014 2. East Marmara Industry and Technology Fair, 25-28 September 2014, İzmit Kocaeli, (Fair Participation)
- Tire Technology International- October Issue (Interview with İ. Yıldırım and advertisement)
- Ankara Building Fair, 23-26 October 2014, Ankara (Participation)
- İzmir Building Fair, 6-9 October 2014, İzmir (Participation)
- Turkey Innovation Week, 4-6 December, Istanbul (Participation)
- Private Sector R&D Centers Summit and First Prize according to 2013 R&D Centers Performance Index Results 10-11 December 2014, Ankara (Participation)
- Composite Technologies Excellence Center Groundbreaking Ceremony, 19 December 2014
- Kratos Line Opening, 30 December 2014, İzmit
- 14. Environment and Energy Awards, "Innovative Environment Friendly Product" Championship with bath without resorcinol and formaldehyde project, ISO
- The Reinforcer Magazine, Design Award
- Indonesia Factory Opening.

4. Important Developments Regarding Company Activities and Activities

Company activities and important developments regarding activities have been stated below and also detail information is contained in footnotes of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

a) Investments:

The Company made investment at the amount of 92 Million Dollars in 2014 twelve-month period.

b) Internal Control System and Internal Audit Activities, View of Management Body:

Company Board of Directors makes necessary efforts for sustaining the Company's internal audit activities subjected to CMB legislation in the most effective way. For this purpose, Audit Committed was founded within the Board of Directors. Audit Committee submits its activities, detections reached as a result of audit performed by Internal Audit Department and suggestions to the Chairman of Board of Directors. Internal Audit

Department makes direct reporting to the Board of Directors via Audit Committee. Processes are reviewed annually and issues to be audited and annual audit plan are determined by the Internal Audit Department. In the direction of this plan, Internal Audit Department studies continue.

This issue has been discussed in detail under the title of "INTERNAL AUDIT DEPARTMENT" in 5.3. Article of Compliance to Corporate Management Principles Report.

c) İştirakler, Bağlı Ortaklıklar (Doğrudan ve *Dolaylı), Bağlı Ortaklıkların Faaliyette Bulunduğu Coğrafi Bölümler ve Pay Oranları (%):

Affiliated Partnerships	Country	Geographical Regions	Share %
InterKordsa GmbH	Germany	Europe, Middle East and Africa	100.00
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	51.00
Kordsa Inc.	United States of America	North America	100.00
Kordsa Brasil S.A.	Brazil	South America	97.31
PT Indo Kordsa Tbk	Indonesia	Asia	60.21
PT Indo Kordsa Polyester	Indonesia	Asia	99.97
Thai Indo Kordsa CO. LTD. (*)	Thailand	Asia	64.19

c) Information Regarding Company's Own Acquired Shares:

The Company has no its own acquired shared within the 2014 twelve-month period.

d) Information Regarding Private and Public Audit:

In accordance with the principles determined pursuant to Turkish Trade Act no 6102 and Capital Markets Law no 6362, there was not any private and public audit in our Company within 2014 twelve-month period excluding limited independent audit of Consolidated Financial Reports belonging to 1 January - 30 June 2014 Interim Accounting Period by Independent External Audit Firm.

e) Information on Important Claims Opened Against the Company and Ongoing and Their Possible Results:

Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

f) Information on Important Administrative Enforcements and Penalties Given About the Company and Members of Board of Directors Due to Applications Against Legislation Provisions:

There is no administrative enforcement or fine penalties given about the Company and Members of Board of Directors in 2014 twelve-month period.

g) Information and assessments regarding whether the determined targets were reached in the past periods, rules of general board are fulfilled, grounds if targets were reached or decisions were fulfilled:

They are located in detail under the title of "Financial Status" in the 5th article of 2014 Board of Directors Annual report.

ğ) If extraordinary general board meeting was held within the year, information regarding extraordinary general board including date of the meeting, decisions taken in the meeting and transactions made in this regard:

Extraordinary General Board Meeting was not held in 2014 twelve-month period.

h) Donations and Charities made within the period:

In 2014 twelve-month period, donations and charities made by our Company are as follows.

Sabancı University	:	5.114.501,00	TL
Kocaeli University	:	20.817,32	TL
İzbuş İzmit Scholarship Association	:	13.000,00	TL
Turkish Education Foundation	:	1.750,00	TL
Total	:	5.150.068,32	TL

Kordsa Global Donations and Charities Policy regarding Donations and Charities is located in detail under the title of "General Board Meetings" in 2.3. Article of Compliance to Corporate Management Principles Report.

1) If it is a company affiliated to a companies group; legal transaction made by it or a company affiliated to it with a company affiliated to the holding company and by directing of holding company and all other precautions taken or avoided to be taken in favor of the holding company or its affiliated company in the past activity year:
Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

1) If it is a company affiliated to a companies group; according to stated and conditions known by them at the time when the legal transaction said in the (1) clause was made or precaution was taken, whether an opposing execution appropriate for any legal transaction was provided and the precaution avoided to be taken or taken gave damage the company, and if the company damaged, whether this damage was compensated or not:
Detail information is contained in footnote no 16 of the descriptive report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

5. Financial status:

(Million TL)	1 January- 31 December 2014	1 January- 31 December 2013	Change %
Sales Incomes	1,702	1,533	11
Gross Sales Profit	243	165	47
Real Operating Profit	108	85	27

Summary Ratios	1 January- 31 December 2014	1 January- 31 December 2013
Gross Profit Margin	14%	11%
Real Operating Profit Margin	6%	6%
Net Profit Margin	6%	3%
Profitability of Assets	5%	2%
Equity Profitability	9%	4%

Company's detailed financial status: Detail information is contained in the descriptive report and footnotes of the report regarding independently audited Consolidated Financial Statements of 1 January - 31 December 2014 fiscal period.

6. Risk Management:

Risk assessment and internal control mechanism are conducted in each level of the Company. Company's risk management

approach is described in detail in 5.4. article of Compliance to Corporate Management Principles Report.

Early Detection of Risk Committee; conducts studies for the purpose of identifying risks that may endanger the Company's existence, development and continuity, early diagnosis, detection, establishing crisis prevention models and management systems, application of necessary precautions related to risks and management of risk.

Detailed information on Committees has been discussed in the 5.3. article of Compliance to Corporate Management Principles Report in detail.

7. Other Issues and Information Not Contained in Financial Statements But Useful for Users:

Prime Contract Amendments Made within the Period:

With the decision no 2013/24 dated 20 December 2013 of our Company's Board of Directors, for the purpose of compliance with the regulations regarding compliance to related announcements and "Corporate Management Notice" no II-17.1 entered into force by being published on the Official Gazette dated 3 January 2014 and no 28871 pursuant to permission of PRIME MINISTRY Capital Markets Law no 29833736-110.03.02-262-1237 and dated 05/02/2014, of MINISTRY OF CUSTOMS AND TRADE General Directorate of Domestic Trade no 67300147/431.02-3195-127478-742-722 dated 6 February 2014, related 18. Article related to CHAPTER III, BOARD OF DIRECTORS, PEACE RIGHT AND WAGE OF MEMBERS OF BOARD OF DIRECTORS and 35. Article related to CHAPTER VI., ANNUAL CALCULATIONS, PROFIT DISTRIBUTION of our Company's Articles of Association was amended and registered on 10 April 2014 by being approved in 2013 Partners Ordinary General Meeting held on 28 March 2014 and published on 707, 708, 709 pages in Turkish Trade Registry Gazette dated 16.04.2014 and no 8551.

Independent Audit Company Amendment:

In the 2013 Partners Ordinary General Meeting dated 28 March 2014, in the direction of suggestion of Audit Committee and liquidation decision of Board of Directors, in accordance with the principles determined pursuant to Capital Markets Law no 6362 and Turkish Trade Act no 6102, selection of **DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of DELOITTE TOUCHE TOHMATSU LIMITED)**' as auditor for 1 (One) year to conduct audit of Financial Reports of the Company in 2014 accounting year and other activities within the scope of related regulations in these laws was approved by our stockholders.

In this direction, independent audit contract was signed with the said company on 5 May 2014.

Issued Stock and Bonds:

There is no capital market tools issued in 01 January - 31 December 2014 fiscal period.

Legislation amendments that may significantly affect company activities:

There are no legislation amendments that may significantly affect Company activities in 2014 twelve-month period.

Vision and Management Approach:**Our Vision**

“Kordsa Global agile in business fields with high added value for sustainable growth”

Strategic Interventions:**Operational Excellence**

- Competitive Cost
- Product and Service
- Leadership in its Quality
- Simple and Agile Processes/Teams

Growth in Tire Sector

- New Products for High Performance Tires
- Profitable Growth in Tire Sector

Growth in Close Sectors

- Reinforced Materials for Composite Sector
- Reinforced Materials for Construction Sector
- Fiber for Sub/Alternative Sectors

Our Corporate Values:**Labor Health, Labor Security and Environment**

All labor and environment accidents are preventive for us. Our aim is to create a 100% accident-free, safe working environment and make production with 0% waste.

Commitment to Ethical Values

Our ethical values that we are committed 100% regulates our relations with employees, stockholders, customers, suppliers, business partners, competitors, environment and community.

Customer Orientation

We grow together with our customers who prefer us as strategic technology partner; provide them innovative, accurate and special solution.

Open-Mindedness

We have innovativeness in our genes. Thanks to our 40 year experience, our technology center continuously develops new products, technologies and processes.

Result Orientation

As a company continuously creating value to world nylon 6.6 market leaders and stockholders, we offer high quality service to our customers. Our technologies are used in one of each 3 automobile tires and one of each 2 airplane tires.

Global Cooperation and Solidarity Culture

We take our power from cooperation and solidarity and utilize

the best applications performed in our factories in our entire facilities.

Continuous Development

In the direction of our customer oriented approach and total quality management, we improve all processes within our organization.

Products:

Kordsa Global is the leader supplier of high denier nylon 6.6 polyester (HMLS and technical) industrial yarn, cord fabric and single cord products. All leader manufacturers of vehicle tire and mechanical rubber goods (MRC) sectors are among our primary customers. Kordsa Global entered into construction and composite markets with Kratos concrete reinforcement material and carbon fiber fabric production that are “Strengthening Solutions” in 2014.

Products of the corporation offering service to its customers on a global scale with its 9 facilities in five different continents, seven different countries take place in various applications primarily vehicle tire, air suspension blower, hose, conveyor band, V belt, rope, tackle, belt weaving for security belt, fiber optic and paper mat, protective textiles and geotextiles.

Yarns

- High strength, high denier industrial nylon 6.6 yarn (940 dtex and above)
- High strength industrial HMLS and high denier technical polyester yarn (1100 dtex and above)

Primary application areas where yarns are used can be summarized as cord fabric, chafer fabric, single cord, security belt strap, ropes, tackles.

Cord Fabric

Kordsa Global manufactures cord fabric for wide range of applications by treating nylon 6, nylon 6.6 polyester (HMSL and technical), rayon and flexten yarns in its advanced technology facilities. Body of vehicle tire consists of rubbered cord fabric folds giving strength and flexibility to the tire. All Kordsa Global materials are specifically developed for customers in the direction of their needs.

Single Cord

In Single Cord products, synthetic yarns such as nylon, polyester, flexten, rayon and yarns made of natural fibers are used. Required bonding and physical properties are provided once yarns to be used according to identifications of customers are bended as single or multiple folded and being finished.

Kratos Macro

In the second quarter of 2014, Kordsa Global Construction Strengthening Business Unit was founded and it targets to maintain market technology research activities for construction strengthening products production. Kordsa Global has developed a new concrete strengthening synthetic fiber reinforcement

towards construction sector with KraTos brand which is the first product of Construction Strengthening Business Unit by combining its accumulation in industrial fiber technology with strengthening mission. KraTos became the first local product in national fiber market of approximately 3.500 ton. KraTos concrete handling capacity strengthens on resistance and durability and also enables cracks to be prevented. With this aspect, KraTos Structural Macro Synthetic Fiber Reinforcements are used instead of steel mesh and steel wired in different infrastructure and superstructure projects. Operationally, KraTos Macro production line has opened and begun optimization studies. As of the second quarter of 2014, concrete tests strengthened with KraTos Macro Synthetic Reinforcements performed in İTÜ Construction Engineering Department came to the final stage and obtained CE Quality Certificate.

Composite

One of the fields of operation that Kordsa Global makes investment is composite strengthening materials. Especially weaving of high strength composite strengthening materials such as carbon, flexten and s-glass, resin development, prepreg production and developing application towards using these materials in different sectors are its main working areas.

Kordsa Global laid the foundation of “Composite Excellence Center” which is candidate to be one of the World’s counted development centers on 19 December 2014. This center shall accommodate Kordsa Global’s prepreg production and development facilities and also cover composite research programs and laboratories of Sabancı University.

• Information on 2014 Report Describing Relations with Controlling Shareholders and Subsidiaries Within the Scope of TTK 199. Article:

Pursuant to 199. article of Turkish Trade Act no 6102 entered into force on 1 July 2012, Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors is obliged to prepare a report on relations with the company’s controlling shareholders and their subsidiaries in the last activity year within the first three months of the activity year and include the result section of this report in its report. Explanations that Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. made to the associated parties about the transactions it accrued are contained in the financial report footnote no 27. The report describing our relations with our controlling shareholders and subsidiaries within the scope of TTK 199th article by our company’s Board of Directors was approved in the Board of Directors meeting on 25.02.2015 and the result section of the said report is as follows;

Pursuant to 199. article of Turkish Trade Act no 6102, information on all legal transactions that Kordsa Global made to the Holding Company and Holding Company’s subsidiaries were submitted.

Accrued transactions are in accordance with their equivalents in the direction of holding Company

descriptions in relevant articles of TTK no 6102 and there are no losses that Kordsa Global suffered from due to its participation in Enterprise systems.

In this report dated 25 February 2015 prepared by Kordsa Global Board of Directors, in all transactions that Kordsa Global made within 2014 with its controlling shareholders and their subsidiaries, it has been seen that all required legal transactions within the scope of liabilities given to the Board of Directors and stated in 199. article of TTK no 6102 were made and precautions were taken.

Profit Distribution Proposal

The Board of Directors of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi has taken the following decisions through mail and circulation for the below agenda to be effective as from March 2th, 2015.

According to our financial statements for the period of 01.01.2014-31.12.2014 which are prepared in compliance with the Turkish Accounting Standards pursuant to the “Communiqué About Guidelines For Financial Reporting in Capital Market” Serial No II, Article No 14.1 of Capital Market Board, and are audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED), it has been resolved that;

Out of the TL 105.243.802,00 consolidated profit gained in 2014, the net distributable profit of TL 77.159.978,00, reached after deducting the reserves stipulated in CMB communiqués and in article 35 of our Articles of Association, is decided to be distributed to shareholders representing TL 194.529.076,00 capital, starting on 29/5/2015, according to the profit distribution plan stated below. Depending on the legal status of the shareholders; it is decided to distribute gross %34.70 / net % 33.4769 dividend to shareholders and to suggest this issue to 2014 Ordinary General Meeting Assembly.

1st Dividend	:	9.726.453,80 TL
2nd Dividend	:	57.775.135,57 TL
Total Gross Dividend Distributed	:	67.501.589,37 TL
General Reserves	:	5.777.513,56 TL
Extraordinary Reserves	:	3.880.875,07 TL

Regarding to the table above and according to our legal records in compliance with Tax Procedure Law;

- TL 51.640.042,23 of the gross dividend TL 67,501,589.37 is to be covered by Extraordinary Reserves and retained earnings which include capital allowance earnings gained in 2006 and 2007; and TL 15,861,547.14 of the gross dividend TL 67,501,589.37 is to be covered by retained earnings in the Extraordinary Reserves.
- General Reserves TL 5,777,513.56 is to be covered by retained earnings in the Extraordinary Reserves.

So, it has been decided to submit the issue of distributing total Dividend of 67.501.589,37 TL at the amount of gross 34.70% and net 33.4769% in cash to the shareholders representing the capital of 194.529.076,00 TL for 2014 as of 29 May 2015 to the approval of Ordinary General Board to be held on 24 March 2015.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SAN. VE TİC. A.Ş.

DIVIDEND RATIO					
	TOTAL DISTRIBUTED DIVIDEND		TOTAL DISTRIBUTED DIVIDEND / NET DISTRIBUTABLE PERIOD PROFIT	DIVIDEND CORRESPONDING TO 1 TL NOMINAL VALUES STOCK	
	CASH (TL)	FREE (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS	67.501.589,37		87,48	0,3470000	34,70000
NET*	65.122.357,30		84,40	0,3347690	33,47690

* Since 51.640.042,23 TL of distributed gross gain of 67.501.589,37 TL is a gain subjected to withholding at the ratio of 19.8% within the scope of Temporary 61. article of GVK due to investment discount, withholding over it shall not be applied, in the event that balance is distributed to the persons within the scope of 94/6-b-i and ii article of GVK. over 15.861.547,14 TL dividend (to the narrow taxpayer institutions excluding those obtaining dividend via complete taxpayer real person, narrow taxpayer real person and a workplace or permanent representative in Turkey), withholding at the ratio of 15% (agreement on preventing dual taxation should also be considered) will be applied. Ratio of dividend to be distributed over investment discount exception gain (51.640.042,23 TL) to total gross dividend (67.501.589,37 TL) is 76.502%.

In other words, withholding at the ratios of 3.5247% over gross dividend payment to be made to narrow taxpayer institutions excluding those obtaining dividend via complete taxpayer real person, narrow taxpayer real person and a workplace or permanent representative in Turkey will be applied.

Dividend Policy

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) dividend policy is determined in accordance with Turkish Commercial Code, Capital Markets Legislation and the related provisions of our Articles of Association; regarding to Kordsa Global's medium and long term strategies, investment and financial plans; taking into account the national economy and the sector's position and aiming to preserve balance between shareholders' expectations and Kordsa Global's necessities.

Kordsa Global's dividend policy is to distribute dividend, minimum 50% of the distributable profit calculated, in cash and/or in the form of bonus shares. Application of this policy is determined by the General Assembly.

Kordsa Global does not apply advanced dividend distribution policy.

Dividends will be distributed equally to all shareholders, regardless of their date of issuance and acquisition, as soon as possible within the legal period following the approval of the General Assembly on the date determined by the General Assembly.

General Assembly can transfer a portion or all of the net profit to the extraordinary reserves. If Board of Kordsa Global offers the General Assembly not to distribute dividend, the reason for not distributing dividends and information about the usage of undistributed profit needs to be presented to the shareholders at the General Assembly Meeting. Similarly, these informations are to be shared with public via annual reports and Kordsa Global's website.

Dividend policy is to be submitted for approval of the General Assembly. This policy is to be reviewed each year by Board of Kordsa Global, in case there are complications related to conditions of the national and global economy or projects and funds on the agenda.

Amendments of this policy is also to be submitted for approval of the shareholders, in the next General Assembly following the amendment, and are to be shared with public via Kordsa Global's website.

Donation and Aid Policy

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. (Kordsa Global) may make donations to -but not limited to- people, associations, foundations, universities, public institutions and organizations which are contributing to the society in fields of education, culture, arts, environmental responsibility and sports; in alignment with the principles stipulated in Capital Market Law and Regulations, with a corporate sense of social responsibility.

All donations and aids made by Management are carried out in accordance with the vision, mission and policies of Kordsa Global and are based on the ethical principles and values of the Company. Donations and aids can be made in the form of cash or kind.

Total limit of the donations for the fiscal year is determined by the General Assembly.

Kordsa Global donates in accordance with the principles mentioned in Donation and Aids Policy and as per the regulations it is subject to. All donations and aids made in each fiscal period are submitted for the approval of the shareholders with a separate agenda item in the General Assembly Meeting of the relevant year.

If one or the sum of all donations made in a fiscal year exceeds 1% of the total asset value of the latest balance sheet, a public disclosure of materiality is made.

Information on 2014 Report Describing Relations with Controlling Shareholders and Subsidiaries Within the Scope of TTK 199. Article:

Pursuant to 199. article of Turkish Trade Act no 6102 entered into force on 1 July 2012, Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. Board of Directors is obliged to prepare a report on relations with the company's controlling shareholders and their subsidiaries in the last activity year within the first three months of the activity year and include the result section of this report in its report. Explanations that Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. made to the associated parties about the transactions it accrued are contained in the financial report footnote no 27. The report describing our relations with our controlling shareholders and subsidiaries within the scope of TTK 199th article by our company's Board of Directors was approved in the Board of Directors meeting on 25.02.2015 and the result section of the said report is as follows;

Pursuant to 199. article of Turkish Trade Act no 6102, information on all legal transactions that Kordsa Global made to the Holding Company and Holding Company's subsidiaries were submitted.

Accrued transactions are in accordance with their equivalents in the direction of holding Company descriptions in relevant articles of TTK no 6102 and there are no losses that Kordsa Global suffered from due to its participation in Enterprise systems.

In this report dated 25 February 2015 prepared by Kordsa Global Board of Directors, in all transactions that Kordsa Global made within 2014 with its controlling shareholders and their subsidiaries, it has been seen that all required legal transactions within the scope of liabilities given to the Board of Directors and stated in 199. article of TTK no 6102 were made and precautions were taken.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET ANONİM ŞİRKETİ THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 24, 2015

AGENDA

- 1- Opening and organization of the Executive Board,
- 2- Reading and discussion of the Board of Directors Annual Report concerning the year 2014,
- 3- Reading and discussion of Auditors' Reports concerning the year 2014,
- 4- Informing the General Meeting about donations and aids made in 2014,
- 5- Reading, discussion and approval of the financial statements concerning the year 2014,
- 6- Absolution of the Board Members regarding to activities of 2014,
- 7- Determining the use of profit, amount of dividend and ratios for dividend shares concerning the year 2014,
- 8- Approval of the Donation and Aid Policy,
- 9- Determining the donation limits for the year 2015,
- 10- Selection of the members of the Board of Directors and determining their terms of duty,
- 11- Determining the salaries and other benefits such as attendance fees, bonuses and premiums for the Board Members,
- 12- The choice of auditor,
- 13- Granting permission to the Chairman and the Members of the Board to make the transactions specified in Articles 395 and 396 of the Turkish Commercial Code.

Meeting Date : March 24, 2015 Tuesday

Time : 10:30

Location : Sabancı Center, Sadıka Ana 2 Conference Hall 34330 4. Levent, Beşiktaş - ISTANBUL

INDEPENDENT AUDITOR'S REPORT



To the Board of Directors of
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.

We have audited the accompanying consolidated financial statements of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. and its subsidiaries as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

Additional Paragraph for US Dollar ("USD") Translation

"As explained in Note 2 to the consolidated financial statements, USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2014 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency."

Reports on Other Legal and Regulatory Requirements

In accordance with paragraph four of Article 402 of Turkish Commercial Code No. 6102 ("TCC"); nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2014 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting

In accordance with paragraph four of Article 402 of TCC, the Board of Directors provided us all the required information and documentation in terms of audit.

In accordance with paragraph four of Article 398 of TCC, the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 27 February 2015.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Ömer Tanrıöver, SMMM
Partner

İstanbul, 27 February 2015

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KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Unaudited 31 December 2014 USD (*)	Unaudited 31 December 2013 USD (*)	Audited 31 December 2014	Audited 31 December 2013
ASSETS					
Cash and Cash Equivalents	4	5.898.418	24.583.288	13.677.842	52.468.112
Trade Receivables (net)	7	122.264.633	118.409.824	283.519.457	252.722.088
<i>Trade Receivables from Related Parties</i>	27	5.559.342	1.322.195	12.891.559	2.821.961
<i>Trade Receivables from Third Parties</i>		116.705.290	117.087.629	270.627.898	249.900.127
Other Receivables	8	2.920.552	9.368.691	6.772.467	19.995.598
<i>Other Receivables from Third Parties</i>		2.920.552	9.368.691	6.772.467	19.995.598
Derivative Financial Instruments	29	808.599	-	1.875.061	-
Inventories	9	195.611.272	174.692.454	453.602.979	372.846.105
Prepaid Expenses	10	6.775.896	6.032.360	15.712.626	12.874.865
Assets Related to Current Tax	25	4.192.643	2.265.319	9.722.321	4.834.871
Financial Investments		32.179	-	74.620	-
Other Current Assets	18	23.652.035	21.043.046	54.846.704	44.912.174
Subtotal		362.156.228	356.394.983	839.804.077	760.653.813
Non-Current Assets Held For Sale	11	1.891.129	-	4.385.340	-
Current Assets		364.047.357	356.394.983	844.189.417	760.653.813
Financial Investments	5	123.178	133.544	285.638	285.022
Other Receivables	8	7.235.460	9.137.105	16.778.309	19.501.323
<i>Other Receivables from Third Parties</i>		7.235.460	9.137.105	16.778.309	19.501.323
Investment Property	13	9.630.448	8.172.118	22.332.047	17.441.751
Property, Plant and Equipment	11	425.095.962	413.004.569	985.755.026	881.475.652
Intangible Assets		30.888.310	31.923.506	71.626.902	68.134.339
<i>Goodwill</i>	14	19.662.412	21.363.054	45.595.167	45.595.167
<i>Other Intangible Assets</i>	12	11.225.898	10.560.452	26.031.735	22.539.172
Prepaid Expenses	10	4.161.488	7.825.597	9.650.074	16.702.172
Deferred Tax Assets	25	8.946.215	10.242.367	20.745.377	21.860.284
Other Non-Current Assets	18	67.069	610.206	155.526	1.302.362
Non-Current Assets		486.148.130	481.049.012	1.127.328.899	1.026.702.905
Total Assets		850.195.487	837.443.995	1.971.518.316	1.787.356.718

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Unaudited 31 December 2014 USD (*)	Unaudited 31 December 2013 USD (*)	Audited 31 December 2014	Audited 31 December 2013
LIABILITIES					
Short Term Borrowings	6	170.157.968	140.942.953	394.579.311	300.814.544
Short Term Portion of Long Term Borrowings	6	10.229.665	9.939.638	23.721.571	21.214.169
Trade Payables	7	67.454.118	74.801.484	156.419.355	159.648.808
<i>Trade Payables to Related Parties</i>	27	1.517.030	2.488.136	3.517.840	5.310.429
<i>Trade Payables to Third Parties</i>		65.937.089	72.313.348	152.901.515	154.338.379
Employee Benefit Obligations	17	2.026.004	1.721.669	4.698.100	3.674.559
Other Payables	8	6.873.930	9.770.828	15.939.956	20.853.878
<i>Other Payables to Third Parties</i>		6.873.930	9.770.828	15.939.956	20.853.878
Deferred Income	10	1.434.160	617.417	3.325.674	1.317.753
Short Term Provisions	17	5.329.379	5.872.954	12.358.296	12.534.645
<i>Short Term Provisions for Employee Benefits</i>		5.308.653	5.575.188	12.310.236	11.899.123
<i>Other Short Term Provisions</i>		20.725	297.766	48.060	635.522
Other Current Liabilities	18	6.789.185	7.558.374	15.743.441	16.131.838
Current Liabilities		270.294.409	251.225.317	626.785.704	536.190.194
Long Term Borrowings	6	59.889.812	42.860.923	138.878.485	91.478.069
Trade Payables		216.827	279.052	502.799	595.581
<i>Trade Payables to Third Parties</i>		216.827	279.052	502.799	595.581
Other Payables	8	4.902.036	5.915.589	11.367.331	12.625.641
<i>Other Trade Payables to Third Parties</i>		4.902.036	5.915.589	11.367.331	12.625.641
Government Grants	15	1.078.714	1.301.305	2.501.429	2.777.375
Long Term Provisions	17	14.491.191	13.615.843	33.603.623	29.060.294
<i>Long Term Provisions for Employee Benefits</i>		14.491.191	13.615.843	33.603.623	29.060.294
Deferred Tax Liabilities	25	30.643.146	30.891.608	71.058.392	65.931.958
Non-Current Liabilities		111.221.726	94.864.320	257.912.059	202.468.918
Total Liabilities		381.516.135	346.089.637	884.697.763	738.659.112
SHAREHOLDERS' EQUITY					
Equity Attributable to Owners of the Company		382.388.361	411.417.029	886.720.375	878.087.365
Share Capital	19	83.888.514	91.144.205	194.529.076	194.529.076
Share Premium	19	26.759.608	29.074.102	62.052.856	62.052.856
Shareholders' Contribution		162.100.694	208.343.231	375.895.300	444.666.957
"Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss"					
<i>Financial Assets Fair Value Reserve</i>		(116.500)	(126.576)	(270.151)	(270.151)
<i>Currency Translation Differences</i>	19	46.916.957	51.114.984	113.415.666	112.871.978
<i>Hedging Reserve</i>	19	651.783	-	1.511.419	-
"Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss"					
<i>Defined Benefit Plans Remeasurement Fund</i>		(1.327.834)	(594.432)	(3.079.114)	(1.268.696)
Restricted Reserves		13.263.749	14.536.029	30.757.308	31.024.246
Retained Earnings	19	14.984.707	1.714.047	34.748.037	3.658.291
Net Income for the Period	19	35.266.683	16.211.439	77.159.978	30.822.808
Non-Controlling Interests		86.290.991	79.937.329	200.100.178	170.610.241
Total Equity		468.679.352	491.354.358	1.086.820.553	1.048.697.606
Total Liabilities and Equity		850.195.487	837.443.995	1.971.518.316	1.787.356.718

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS****FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Unaudited 1 January- 31 December 2014 USD (*)	Unaudited 1 January- 31 December 2013 USD (*)	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
PROFIT OR LOSS					
Sales	20	777.844.242	806.263.945	1.701.845.417	1.532.949.639
Cost of Sales (-)	20,21	(666.895.989)	(719.524.739)	(1.459.101.735)	(1.368.032.387)
GROSS PROFIT		110.948.253	86.739.206	242.743.682	164.917.252
Marketing Expenses (-)	21	(29.024.267)	(27.768.959)	(63.502.194)	(52.797.122)
General and Administrative Expenses (-)	21	(31.604.436)	(33.002.804)	(69.147.345)	(62.748.231)
Research and Development Expenses (-)	21	(1.420.436)	(2.048.279)	(3.107.773)	(3.894.393)
Other Operating Income	22	43.884.478	48.158.688	96.014.849	91.564.114
Other Operating Expenses (-)	22	(43.426.981)	(27.243.049)	(95.013.891)	(51.797.210)
OPERATING PROFIT		49.356.611	44.834.803	107.987.328	85.244.410
Income From Investing Activities	23	3.025.436	1.022.522	6.619.352	1.944.122
Expenses From Investing Activities (-)	23	(578.639)	(1.270.984)	(1.266.004)	(2.416.522)
"OPERATING PROFIT BEFORE FINANCIAL EXPENSE"		51.803.408	44.586.341	113.340.676	84.772.010
Financial Income	24	735.703	-	1.609.644	-
Financial Expenses (-)	24	(7.038.403)	(14.538.840)	(15.399.321)	(27.642.697)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		45.500.708	30.047.501	99.550.999	57.129.313
Tax Expense:					
- Current Tax Expense	25	(6.127.888)	(4.786.350)	(13.407.206)	(9.100.287)
- Deferred Tax Income/ (Expense)	25	1.250.720	(2.790.819)	2.736.451	(5.306.185)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		40.623.540	22.470.332	88.880.244	42.722.841
DISCONTINUED OPERATIONS					
Net profit / (loss) for the period from discontinued operations	31	2.601.948	(2.147.652)	5.692.803	(4.083.330)
PROFIT FOR THE PERIOD		43.225.488	20.322.680	94.573.047	38.639.511
PROFIT ATTRIBUTABLE TO:					
- Owners of the Parent		35.266.683	16.211.439	77.159.978	30.822.808
- Non-Controlling Interests		7.958.805	4.111.241	17.413.069	7.816.703
Earnings per share;					
- thousand shares TL	26	1,81	0,83	3,97	1,58
Earnings per share from continuing operations;					
- thousand shares TL	26	1,68	0,94	3,67	1,79

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL average exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME****FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
PROFIT FOR THE PERIOD	94.573.047	38.639.511
Other Comprehensive Income:		
Income or Expenses That Will Not Be Reclassified to Profit or Loss	(1.810.418)	-
Defined benefit plans revaluation fund	(2.413.892)	-
Deferred tax income	603.474	-
Income or Expenses That Will Be Reclassified to Profit or Loss	43.542.659	61.834.027
Currency translation differences	42.031.240	60.453.847
Hedging reserve gains	1.886.431	1.725.225
Tax (expense) related to other comprehensive income items (*)	(375.012)	(345.045)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)	41.732.241	61.834.027
TOTAL COMPREHENSIVE INCOME	136.305.288	100.473.538
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Owners of the Parent	104.101.966	70.913.708
- Non-Controlling Interests	32.203.322	29.559.830

(*) Tax expense related to other comprehensive income accounts consists of the deferred taxes of hedging reserves.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	"Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss"										Retained Earnings			Equity		Total Equity	
	Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss					Defined Benefit Plans Remeasurement Fund					Restricted Reserves	Retained Earnings	Net Income for the Period	Attributable to Owners of the Company	Non-Controlling Interests		
	Share Capital	Share Premium	Shareholders' Contribution	Financial Assets Fair Value Reserve	Hedging Reserve	Currency Translation Differences	Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss	Financial Assets Fair Value Reserve	Hedging Reserve	Currency Translation Differences							
Previously reported balances at 1 January 2013	194.529.076	62.052.856	444.666.957	(270.151)	(1.380.180)	74.161.258	-	28.384.668	-	39.655.348	841.799.832	148.394.866	990.194.698				
Effect of restatement (Note 2.4)	-	-	-	-	-	-	(1.268.696)	-	-	1.268.696	-	-	-	-	-	-	-
Restated balances at 1 January 2013	194.529.076	62.052.856	444.666.957	(270.151)	(1.380.180)	74.161.258	(1.268.696)	28.384.668	-	40.924.044	841.799.832	148.394.866	990.194.698				
Transfers	-	-	-	-	-	-	-	2.639.578	38.284.466	(40.924.044)	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(34.626.175)	-	(34.626.175)	(7.344.455)	(41.970.630)				
Total comprehensive income	-	-	-	-	1.380.180	38.710.720	-	-	-	30.822.808	70.913.708	29.559.830	100.473.538				
Balances at 31 December 2013	194.529.076	62.052.856	444.666.957	(270.151)	-	112.871.978	(1.268.696)	31.024.246	3.658.291	30.822.808	878.087.365	170.610.241	1.048.697.606				
Previously reported balances at 1 January 2014	194.529.076	62.052.856	444.666.957	(270.151)	-	112.871.978	(1.268.696)	31.024.246	3.658.291	30.822.808	878.087.365	170.610.241	1.048.697.606				
Transfers	-	-	-	-	-	-	-	(266.938)	31.089.746	(30.822.808)	-	-	-	-	-	-	-
Impact of liquidation of subsidiary (*)	-	-	(68.771.657)	-	-	(26.697.299)	-	-	-	-	(95.468.956)	(2.713.385)	(95.468.956)				
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(2.713.385)				
Total comprehensive income	-	-	-	-	1.511.419	27.240.987	(1.810.418)	-	-	77.159.978	104.101.966	32.203.322	136.305.288				
Balances at 31 December 2014	194.529.076	62.052.856	375.895.300	(270.151)	1.511.419	113.415.666	(3.079.114)	30.757.308	34.748.037	77.159.978	886.720.375	200.100.178	1.086.820.553				

(*) During the accounting of losses from the disposal of Kordsa Argentina S.A., a subsidiary of the group, Kordsa Argentina's portion of the Shareholders' Contribution amounting to TL 68.771.657 that arise during the mergers in 2006 is utilized. In addition, accumulated currency translation reserve of Kordsa Argentina S.A. which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 15.715.494 has been recycled to the current year profit. During the liquidation of Kordsa Qingdao Nylon Enterprise ("KQNE"), accumulated currency translation reserve which is calculated in the consolidated financial statements and accounted for under equity amounting to TL 10.981.805 has been recycled to the current year profit.

The accompanying notes form an integral part of these consolidated financial statements.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2014**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Unaudited 1 January- 31 December 2014 USD (*)	Unaudited 1 January- 31 December 2013 USD (*)	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
A. CASH PROVIDED BY OPERATING ACTIVITIES		25.181.070	30.232.176	55.093.668	57.480.439
Profit for the period from continuing operations		40.623.540	22.470.332	88.880.244	42.722.841
Profit / loss from discontinued operations		2.601.948	(2.147.652)	5.692.803	(4.083.330)
Adjustments to reconcile profit / loss for the period					
Adjustments related to depreciation and amortization expenses	11,12	34.373.264	35.442.949	75.205.264	67.387.679
Provision for impairment on property, plant and equipment	11,12	915.746	-	2.003.561	-
Fair value changes of investment properties	13	(1.491.200)	876.182	(3.262.597)	1.665.884
Adjustments related to retirement pay provision	17	267.258	2.591.587	584.733	4.927.385
Adjustments related to deferred taxes	25	(1.250.720)	2.790.643	(2.736.451)	5.305.850
Adjustments related to interest income	23	(1.071.362)	(1.034.791)	(2.344.032)	(1.967.448)
Adjustments related to interest expense	24	6.728.489	8.203.678	14.721.261	15.597.653
Adjustments related to (gain) / loss on sale of property, plant and equipment	23	115.764	(308.085)	253.281	(585.762)
Adjustments related to redemption of government grants		(78.364)	(78.365)	(171.452)	(148.996)
Adjustments related to inventory obsolescence	9	916.795	220.006	2.005.856	418.297
Adjustments related to personnel bonus accruals	17	2.601.544	2.859.931	5.691.919	5.437.586
Adjustments related to vacation pay provision	17	1.064.553	66.101	2.329.135	125.677
Adjustments related to employee retirement benefit provision	17	1.202.389	978.468	2.630.707	1.860.361
Adjustments related to provision for doubtful receivables	7	109.089	116.483	238.676	221.470
Adjustments related to insurance income accruals		22.540	(8.166.599)	49.315	(15.527.155)
Adjustments related to tax expense	25	6.127.888	4.786.354	13.407.206	9.100.295
Adjustments related to unrealized finance expenses on credit purchases		687.030	817.253	1.503.154	1.553.843
Adjustments related to unearned finance income on credit sales		(3.627.435)	(2.170.756)	(7.936.465)	(4.127.258)
Adjustments related to unrealized foreign exchange (gains) / losses		1.455.245	278.420	3.183.931	529.360
Adjustments related to fair value changes of derivative financial instruments		(166.206)	-	(363.642)	-
Changes in working capital					
Adjustments related to increase/ decrease in trade receivables		(19.793.000)	(32.150.611)	(43.305.104)	(61.127.956)
Adjustments related to increase/ decrease in inventories		(44.633.463)	(21.589.998)	(97.653.554)	(41.049.063)
Adjustments related to increase/ decrease in other short-term receivables		(4.632.081)	(9.128.491)	(10.134.531)	(17.355.999)
Adjustments related to increase/ decrease in other long-term receivables		(472.866)	7.731.244	(1.034.583)	14.699.415
Adjustments related to increase/ decrease in trade payables		9.603.103	32.282.082	21.010.630	61.377.922
Adjustments related to increase/ decrease in other long-term trade payables		(42.407)	94.108	(92.782)	178.928
"Adjustments related to increase/ decrease in other short-term other payables and liabilities"		(2.528.671)	214.369	(5.532.480)	407.580
"Adjustments related to increase/ decrease in other long-term other payables and liabilities"		366.318	222.130	801.468	422.335
Adjustments related to increase/ decrease in short-term benefits to employees		1.137.074	1.091.118	2.487.805	2.074.543
Adjustments related to increase/ decrease in doubtful receivables collected	7	59.497	111.473	130.174	211.943
Adjustments related to increase/ decrease in prepaid expenses		1.591.577	(7.203.570)	3.482.211	(13.696.147)
Change in deferred income		3.844.244	(233.583)	8.410.821	(444.111)
Employee bonuses paid		(2.232.543)	(397.979)	(4.884.581)	(756.677)
Taxes paid		(8.361.742)	(6.265.060)	(18.294.656)	(11.911.758)
"Adjustments related to increase/ decrease in retirement pay and employee benefits paid"	17	(851.765)	(3.137.195)	(1.863.577)	(5.964.748)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(96.693.746)	(40.744.406)	(211.556.247)	(77.467.341)
Purchase of property, plant, equipment and intangible assets	11,12	(99.228.178)	(42.663.676)	(217.101.330)	(81.116.448)
Proceeds from sale of property, plant and equipment		1.463.070	884.479	3.201.051	1.681.659
Interest received	23	1.071.362	1.034.791	2.344.032	1.967.448
C. CASH FLOWS FROM FINANCING ACTIVITIES		56.198.374	2.428.879	122.956.422	4.618.029
Dividends paid		-	(18.211.842)	-	(34.626.175)
Dividends paid to non-controlling interests		(1.240.178)	(3.862.860)	(2.713.385)	(7.344.455)
Proceeds from borrowings - net		64.167.041	32.707.259	140.391.068	62.186.312
Interest paid	24	(6.728.489)	(8.203.678)	(14.721.261)	(15.597.653)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)		(15.314.302)	(8.083.351)	(33.506.157)	(15.368.873)
D. CURRENCY TRANSLATION DIFFERENCE IMPACT ON CASH AND CASH EQUIVALENTS		(3.370.568)	(13.747.984)	(5.284.113)	(20.411.138)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENT (A+B+C+D)		(18.684.870)	(21.831.335)	(38.790.270)	(35.780.011)
E. CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	4	24.583.288	46.414.623	52.468.112	88.248.123
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD (A+B+C+D+E)	4	5.898.418	24.583.288	13.677.842	52.468.112

(*) US Dollar ("USD") amounts presented above are translated from Turkish Lira ("TL") for convenience purposes only, at the official TL average exchange rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2014 and 31 December 2013, and therefore do not form part of these consolidated financial statements (Note 2.1).

The accompanying notes form an integral part of these consolidated financial statements.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi ("Kordsa Global" or the "Company") was established on 9 February 2006 as a subsidiary of Hacı Ömer Sabancı Sabancı Holding A.Ş. ("Sabancı Holding") and is registered in İstanbul, Turkey. The Company operates under Turkish Commercial Code.

The Group is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism and construction while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa Global is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa İstanbul ("BIST") since 1991. As of 31 December 2014, 8,89% of the Group's shares is listed on BIST. As of the same date, the shareholders owning the Group's shares and the percentage of the shares are as follows:

	Capital Share %
Hacı Ömer Sabancı Holding A.Ş.	91,11
Other	8,89
	100,00

Group's main shareholder and the party that holds the control is Hacı Ömer Sabancı Holding A.Ş.

Average number of employees within the Group is 4.048 (31 December 2013: 4.036).

The address of the registered office is as follows:

Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.
Sabancı Center Kule 2
Kat: 17
34330 4. Levent
İstanbul

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (cont'd)

Subsidiaries

In accordance with the operating country and segment reporting purpose, geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 31 December 2014 and 2013 are as follows:

31 December 2014

Subsidiaries	Country	Geographical division	Area of activity
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture, industrial yarn and cord fabric trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade

31 December 2013

Subsidiaries	Country	Geographical division	Area of activity
InterKordsa GmbH	Germany	Europe, Middle East and Africa	Single cord manufacture and trade
Nile Kordsa Company SAE	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade
Kordsa Argentina S.A. (***)	Argentina	South America	Industrial yarn manufacture and trade
Kordsa Brazil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn manufacture and trade
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade
"Kordsa Qingdao Nylon Enterprise ("KQNE") (**)"	China	Asia	Sales and marketing

(*) Operating in Indonesia, the Company provides nylon 6.6 and polyester HMLS yarns along with the cord fabric manufacturing plants.

The Company's shares are traded in Indonesia Stock Exchange ("IDX").

(**) Liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited have been concluded as of 18 December 2014. In order to uphold the relations in Chinese market, a representative office has been set up in Shanghai.

(***) A share transfer agreement for Kordsa Argentina, one of the subsidiaries of the Group, in exchange for USD 10 has been signed with Nicolas Jose Santos and Intenta S.A on 30 September 2014 and the share transfer took place on 2 October 2014. Net loss of Kordsa Argentina amounting to TL (5.697.992) for the year ended 31 December 2014 has been accounted for under losses from discontinued operations on the consolidated statement of profit or loss. (Note 31).

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 27 February 2015, and have been signed by the CEO Cenk Alper and Finance and Purchasing Vice President Fatma Arzu Ergene on behalf of the Board of Directors. The shareholders of the Group have the right to make changes in the consolidated financial statements after the aforementioned financial statements are issued, and they are subject to approval of the shareholders at the general assembly meeting of the Group.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Moreover, financial tables and notes are presented in accordance with the format declared by CMB on 7 June 2013.

The financial statements have been prepared on the historical cost basis except for derivative financial instruments and investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2014:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2013:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
InterKordsa GmbH	100,00	100,00
Nile Kordsa Company	51,00	51,00
Kordsa, Inc.	100,00	100,00
Kordsa Argentina (*)	100,00	100,00
Kordsa Brazil	97,31	97,31
PT Indo Kordsa Tbk	60,21	60,21
PT Indo Kordsa Polyester	99,97	60,20
Thai Indo Kordsa	64,19	38,65
KQNE (**)	99,50	99,50

(*) A share transfer agreement for Kordsa Argentina, one of the subsidiaries of the Group, in exchange for USD 10 had been signed with Nicolas Jose Santos and Intenta S.A on 30 September 2014 and the share transfer took place on 2 October 2014. Net loss of Kordsa Argentina for the 2014 has been accounted for under losses from discontinued operations on the consolidated statement of profit or loss. (Note 31).

(**) Liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited have been concluded. In order to uphold the relations in Chinese market a representative office has been set up in Shanghai.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the amount of the investor's returns.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

US Dollar Translation

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2014 of TL 2,3189 = USD 1 (2013: TL 2,1343= USD 1) and average USD exchange rate of TL 2,1879 = USD 1 (2013: 1,9013 = USD 1), respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The Effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

2.2 Changes in Accounting Policies

Significant changes in the accounting principles and significant accounting errors should be applied retrospectively and prior period financial statements should be restated. There are no changes in the accounting policies of the Group in the current period.

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

Identified accounting errors are corrected in financial statements retrospectively. There are no significant accounting errors identified by the Group in the current period.

2.4 New and Revised Turkish Accounting Standards

(a) Amendments to TAS affecting amounts reported and disclosures in the financial statements

None.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(b) New and revised standards effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TFRS 10, 11, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
TFRS Interpretation 21	<i>Levies¹</i>
Amendments to TAS 21	<i>The Effects of Changes in Foreign Exchange Rates²</i>

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective from 12 November 2014.

Amendments to TFRS 10, 11, TAS 27 Investment Entities

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to TAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 Levies

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(b) New and revised standards effective from 2014 applied with no material effect on the Group's consolidated financial statements

Amendments to TAS 21 Effects of Changes in Foreign Exchange Rates

Clause (b) of Paragraph 39 of TAS 21 Effects of Changes in Foreign Exchange Rates has been amended as below:

"(b) Income and expenses for each statement of comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions."

(c) New and revised standards in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>TFRS 9 and Mandatory Application Date for Transition Explanations</i>
Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions¹</i>
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39¹</i>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 3, TFRS 13, TAS 40¹</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation²</i>
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants²</i>
Amendments to TFRS 11 and TFRS 1	<i>Accounting for Acquisition of Interests in Joint operations²</i>

¹ Effective for annual periods beginning on or after 30 June 2014.

² Effective for annual periods beginning on or after 31 December 2015.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7, TFRS 9 and Mandatory Application Date for Transition Explanations

In November 2013, mandatory application of TFRS 9 has been delayed no soon after 1 January 2018. This revision has not been published by POA yet.

Amendments to TAS 19 Defined Benefit Plans: Employee Contributions

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(c) New and revised standards in issue but not yet effective (cont'd)

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(c) New and revised standards in issue but not yet effective (cont'd)

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants

This amendment include "bearer plants" within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

These amendments on TAS 16 and TAS 41 caused revisions on related parts of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 respectively.

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TFRSs, except for those principles that conflict with the guidance in TFRS 11
- disclose the information required by TFRS 3 and other TFRSs for business combinations.

This amendment on TFRS 11 caused revisions on related parts of TFRS 1.

Group, assesses the effects of these standards on its financial position and performance.

2.5 Significant Accounting Policies

a) Revenue

Revenues are recognised on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commissions, and exclude sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the "effective yield" on the asset.

Other revenues earned by the Group are recognised on the following bases:

- Rent income - on accrual basis,
- Interest income - on an effective yield basis,
- Dividend income - when the Group's right to receive payment is established.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

b) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 9). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

c) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment, if any (Note 11). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Furniture and fixtures	3-7

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare parts changes and labour costs, included in the large comprehensive maintenance and repair expenses are capitalised. And the average useful lives between the next-largest comprehensive maintenance are depreciated.

d) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over a period not exceeding 20 years (Note 12). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

d) Intangible assets (cont'd)

Internally generated intangible assets – research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

e) Impairment of assets (cont'd)

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are classified on income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on income statement in the period.

g) Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

g) Business combinations (cont'd)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

g) Business combinations (cont'd)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets or other relevant TFRSs, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

i) Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months (Note 4).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

i) Trade receivables and provision for impairment

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 7).

j) Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchase or sales. These kind of income / (charges) are accepted as financial income and expenses which result from credit purchase or sales come true during the accounting period and included in the other operating income and expense within the maturity period.

k) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements (Note 17).

l) Financial leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Principal payments are disclosed as liabilities and decreased according to payments made (Note 6). The interest element of the finance cost is charged to the income statement over the lease period. Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment and depreciated over the useful life.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

m) Provision for employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) "Employee Benefits" ("TAS 19").

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. All calculated actuarial gains and losses are accounted for under other comprehensive income (Note 17).

n) Provision for post-employment benefits

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 17).

o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

p) Available-for-sale financial instruments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial assets are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associates with the investment. After initial recognition, financial assets that are classified as available-for-sale are measured at fair value unless fair value cannot be reliably measured.

Other financial assets in which the Group has interest below 20%, that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost, if applicable, less any provision for impairment. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

In accordance with the revised TAS 39 "Financial Instruments", unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. When available for sale financial assets are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Impairment of financial assets

Financial assets, other than those valued by fair value through profit or loss, are assessed for indicators of impairment at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

p) Available-for-sale financial instruments (cont'd)

With the exception of equity instruments which are held for sale, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of equity securities which are held for sale, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

r) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders.

In the restatement of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

s) Taxes on income

Taxes on income for the period comprise of current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year income by reference to corporate income tax rates enacted as of the balance sheet date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

s) Taxes on income (cont'd)

Deferred tax assets or liability are reflected to the consolidated financial statements to the extent that they will decrease or increase the tax payable amount when the temporary differences will disappear. Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority and are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities (Note 25).

t) Effect of changes in foreign exchange rates

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

t) Effect of changes in foreign exchange rates (cont'd)

Financial Statements of Foreign Subsidiaries, Joint Ventures and Affiliates

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve.

u) Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are charged to the income statement when they are incurred.

v) Derivative financial instruments

The derivative financial instruments of the Group are comprised of forward transactions.

Forward transactions:

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

The Group does not use hedging for speculative reasons.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

v) Derivative financial instruments (cont'd)

Forward transactions (cont'd):

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

y) Deferred financing costs

Deferred financing costs (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised, using the effective interest method, over the remaining life of the long-term bank borrowings (Note 10).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

z) Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity").

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

- (i) Has control or joint control over the reporting entity,
- (ii) Has significant influence over the reporting entity,
- (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

- (i) If the entity and the reporting entity is within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
- (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
- (iii) If both of the entities are a joint venture of a third party..
- (iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
- (iv) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
- (v) If the entity is controlled or jointly controlled by an individual defined in the article (a).
- (vi) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration.

For the purpose of these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties The Group assigned its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

aa) Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 26).

ab) Reporting of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from Group's changes in the size and composition of the contributed equity and borrowings.

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within 3 months (Note 4).

ac) Share premium

Share premium represents the difference between the nominal value of the Group's shares and the net proceeds from the offering of the Group's share to the public (Note 19).

ad) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Significant Accounting Policies (cont'd)

ad) Investment property (cont'd)

Transfers are made when there is a change in the use of the investment properties. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use (Note 13).

ae) Segment reporting

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on three operating segments. These operating segments are affected by different economical conditions and geographical positions in terms of risks and rewards. The Company management has determined the Operating Profit as the most appropriate method for the evaluation of the performance of the operating segments (Note 3).

af) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

ag) Comparatives and restatement of prior period financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. The Group prepared the consolidated balance sheet at 31 December 2014 in comparison with its consolidated balance sheet at 31 December 2013. The Group also prepared the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 1 January - 31 December 2014 in comparison with the accounting period 1 January - 31 December 2013.

2.6 Critical Accounting Judgments, Estimates and Assumptions

Preparation of the consolidated financial statements in accordance with CMB Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of balance sheet date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related with the current conditions and transactions, actual results may differ from these estimations. Estimations are revised on a regular basis; necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below:

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 2.5. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Global Management covering a three-year period. Cash flows beyond three years are extrapolated by taking into consideration the shut-down periods recurring once a year. The USD fair value is converted into TL by using the related foreign exchange rate on the date of the balance sheet. Therefore, the values used in the calculations are affected by the fluctuations in the foreign exchange market. The discount rate used in the calculations is 9,67% and the risk premium is 3,3%. The discount rates used are after tax and reflect specific risks relating to the company. As of 31 December 2014, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in the Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Useful lives depend on best estimates of management, are reviewed in each financial period and necessary corrections are made.

d) Provision for doubtful receivables

A provision for trade receivables is established if there is evidence that the Group will not be able to collect amounts due. Group assesses aging of receivables and collection performances then establishes the doubtful receivable provision. Doubtful receivable provision is an accounting assumption arising from customers' history of collections and financial conditions.

e) Provisions

In accordance with the accounting policy given in the Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments, Estimates and Assumptions (cont'd)

f) Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences at Kordsa Brazil, a subsidiary of Kordsa Global, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. According to Brazilian tax legislation, there is not time limit for carrying forward of operating losses. However, maximum deductible balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

g) Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated. The technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by the future market transactions.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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NOTE 3 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenues

	1 January- 31 December 2014	1 January- 31 December 2013
Europe, Middle East and Africa	698.824.595	631.096.008
North America	349.160.544	335.079.071
South America	214.361.785	190.995.830
Asia	439.498.493	375.778.730
	1.701.845.417	1.532.949.639

b) Segment assets

	31 December 2014	31 December 2013
Europe, Middle East and Africa	771.266.356	715.137.978
Asia	678.277.247	475.248.301
South America	239.273.896	303.934.086
North America	280.057.288	238.112.738
Segment assets (*)	1.968.874.787	1.732.433.103
Unallocated assets	4.762.778	66.505.025
Less: Intersegment eliminations	(2.119.249)	(11.581.530)
Total assets per consolidated financial statements	1.971.518.316	1.787.356.598

c) Segment liabilities

	31 December 2014	31 December 2013
Europe, Middle East and Africa	363.467.051	315.479.836
North America	72.698.180	39.064.681
South America	171.982.253	207.512.968
Asia	278.809.089	137.748.871
Segment liabilities (*)	886.956.573	699.806.356
Unallocated liabilities	71.076.211	64.556.433
Less: Intersegment eliminations	(73.335.021)	(25.703.677)
Total liabilities per consolidated financial statements	884.697.763	738.659.112

(*) Segment assets comprise mainly of operating assets and exclude deferred income tax assets, time deposits and available for sale financial assets.

(*) Segment liabilities comprise mainly of operating liabilities and exclude deferred income tax liabilities, other liabilities and financial liabilities.

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NOTE 3 - SEGMENT REPORTING (cont'd)**d) Segment analysis for the period 1 January – 31 December 2014**

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	698.824.595	349.160.544	214.361.785	439.498.493	-	1.701.845.417
Intersegment revenues	36.218.526	45.151.634	-	12.943.116	(94.313.276)	-
Revenues	735.043.121	394.312.178	214.361.785	452.441.609	(94.313.276)	1.701.845.417
Segment operating expenses	(654.509.160)	(407.944.366)	(209.316.837)	(392.512.544)	105.187.241	(1.559.095.667)
Segment operating result	80.533.961	(13.632.188)	5.044.948	59.929.065	10.873.965	142.749.750
Unallocated expenses (*)						(34.762.422)
						107.987.328

e) Segment analysis for the period 1 January – 31 December 2013

	Europe, Middle East and Africa	North America	South America	Asia	Intersegment elimination	Total
External revenues	631.092.395	335.079.071	190.995.830	375.782.343	-	1.532.949.639
Intersegment revenues	28.612.690	24.095.303	5.728.692	3.801.675	(62.238.360)	-
Revenues	659.705.085	359.174.374	196.724.522	379.584.018	(62.238.360)	1.532.949.639
Segment operating expenses	(612.537.770)	(358.070.410)	(190.452.314)	(347.329.079)	58.570.614	(1.449.818.959)
Segment operating result	47.167.315	1.103.964	6.272.208	32.254.939	(3.667.746)	83.130.680
Unallocated expenses (*)						2.113.730
						85.244.410

(*) Income and expenses of Corporate Office, R&D Center and other unallocated consolidation adjustments are included in this line.

f) Capital expenditure

	31 December 2014	31 December 2013
Europe, Middle East and Africa	42.266.423	37.593.014
North America	8.562.558	9.830.602
South America	8.457.272	7.839.405
Asia	157.815.077	25.853.427
	217.101.330	81.116.448

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NOTE 3 - SEGMENT REPORTING (cont'd)

g) Depreciation and amortization

	31 December 2014	31 December 2013
Europe, Middle East and Africa	28.590.518	24.920.559
North America	16.123.528	13.145.504
South America	8.469.999	11.002.405
Asia	22.021.219	18.319.211
	75.205.264	67.387.679

h) Provision for doubtful receivables

	31 December 2014	31 December 2013
Europe, Middle East and Africa	44.465	140.955
North America	27.607	56.279
South America	-	-
Asia	166.604	24.236
	238.676	221.470

i) Provision for inventory obsolescence

	31 December 2014	31 December 2013
Europe, Middle East and Africa	734.522	2.461.851
North America	728.709	237.383
South America	1.682.104	1.519.861
Asia	491.986	616.671
	3.637.321	4.835.766

The segment reporting in the basis of industry groups of reportable segments is as follows:

a) External revenues

	1 January- 31 December 2014	1 January- 31 December 2013
Fabric	1.230.447.025	1.094.620.367
Nylon Yarn	374.217.769	378.030.836
Polyester Yarn	5.990.325	7.573.057
Other	91.190.298	52.725.379
	1.701.845.417	1.532.949.639

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NOTE 3 - SEGMENT REPORTING (cont'd)

b) Segment assets

	31 December 2014	31 December 2013
Fabric	874.995.952	710.578.529
Nylon Yarn	582.350.501	529.106.192
Polyester Yarn	233.321.909	169.527.428
Other	100.100.114	112.027.692
Segment assets	1.790.768.476	1.521.239.841
Unallocated assets	236.873.316	278.409.738
Less: Intersegment eliminations	(56.123.476)	(12.292.981)
Total assets per consolidated financial statements	1.971.518.316	1.787.356.598

c) Capital expenditure

	31 December 2014	31 December 2013
Nylon Yarn	14.609.133	34.043.755
Polyester Yarn	60.567.330	4.476.083
Fabric	119.994.974	31.886.904
Other	21.929.893	10.709.706
	217.101.330	81.116.448

NOTE 4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Cash	41.664	65.008
Bank - demand deposits	13.362.714	25.316.282
Bank - time deposits	273.464	27.086.822
	13.677.842	52.468.112

Time deposits have less than 3-months maturity. Average annual interest rate for time deposits are 0,1% (2013: 0,41%) for US Dollar and 0,1% (2013: 0,41%) for Euro.

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NOTE 5 – FINANCIAL INVESTMENTS

	31 December 2014	31 December 2013
Common stocks	285.638	285.022
	285.638	285.022

Detail of the common stocks are as follows:

	31 December 2014		31 December 2013	
	"Percentage of shareholding %"	Amount	"Percentage of shareholding %"	Amount
Investimentos Lei 8200	<0,01	95.453	<0,01	99.615
Desenbanco	<0,01	67.524	<0,01	70.468
Investivos Fiscais Finor	<0,01	6.179	<0,01	6.449
Other	-	116.482	-	108.490
		285.638		285.022

Movement schedule of financial assets for the years ended 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Balances at 1 January	285.022	195.967
Currency translation differences	616	89.055
Balances at 31 December	285.638	285.022

NOTE 6 – BORROWINGS

	31 December 2014	31 December 2013
Short-term borrowings	394.579.311	300.814.544
Short-term portion of long term borrowings	23.721.571	21.214.169
Total short-term financial liabilities	418.300.882	322.028.713
Long-term borrowings	138.878.485	91.478.069
Total long-term financial liabilities	138.878.485	91.478.069
Total financial liabilities	557.179.367	413.506.782

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

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NOTE 6 – BORROWINGS (cont'd)**Bank borrowings**

	31 December 2014		31 December 2013	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	-	1.323.846	-	151.300
USD borrowings	4,36	146.650.098	4,27	130.151.302
Euro borrowings	0,96	246.605.367	1,57	170.511.942
		394.579.311		300.814.544
Short-term portion of long-term borrowings				
USD borrowings	3,80	23.721.571	3,18	21.214.169
		23.721.571		21.214.169
Total short-term borrowings		418.300.882		322.028.713
Long-term borrowings				
USD borrowings	3,80	138.878.485	3,18	91.478.069
Total long-term borrowings		138.878.485		91.478.069

	31 December 2014		31 December 2013	
	Fair Value	Book Value	Fair Value	Book Value
USD borrowings	309.250.154	309.250.154	242.843.540	242.843.540
TL borrowings	1.323.846	1.323.846	151.300	151.300
Euro borrowings	246.605.367	246.605.367	170.511.942	170.511.942
	557.179.367	557.179.367	413.506.782	413.506.782

The redemption schedules of borrowings are summarized below:

	31 December 2014	31 December 2013
Up to 1 year	418.300.882	322.028.713
1 to 2 years	25.208.301	29.607.998
2 to 3 years	42.198.432	26.789.950
3 to 4 years	12.667.309	9.023.904
4 to 5 years	54.790.962	24.278.245
Over 5 years	4.013.481	1.777.972
	557.179.367	413.506.782

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2014	31 December 2013
Trade receivables		
Trade receivables	266.935.428	243.663.036
Cheques in the portfolio	6.078.071	8.442.083
Due from related parties (Note 27)	12.891.559	2.821.961
	285.905.058	254.927.080
Less: Provision for doubtful receivables	(1.420.583)	(1.757.292)
Less: Unearned credit finance income	(965.018)	(447.700)
	283.519.457	252.722.088

As of 31 December 2014, annual interest rates for discount of TL, USD and Euro trade receivables and payables are 8,64%, 7,71% and 7,53% respectively (2013: 8,30%, 3,71% and 3,73%). The average maturities of the trade receivables and payables as of 31 December 2014 and 2013 are up to 3 months.

As of 31 December 2014, trade receivables amounting to TL 34.561.948 (2013: TL 23.948.191) were past due but not impaired. The aging of these receivables as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Up to 1 month	17.947.803	16.933.053
1 to 3 months	15.332.328	5.505.250
3 to 12 months	1.281.817	1.509.888
	34.561.948	23.948.191

As of 31 December 2014, trade receivables amounting to TL 1.420.583 (2013: TL 1.757.292) were impaired and provided for. The aging of these receivables as of 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Up to 1 months	200.353	211.298
1 to 3 months	-	408.740
3 to 12 months	408.573	332.967
1 to 5 years	811.657	804.287
	1.420.583	1.757.292

KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET A.Ş.

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NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

Movement schedules of provision for doubtful receivables as of 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	1.757.292	1.711.325
Additions	238.676	221.470
Collections	(130.174)	(211.943)
Currency translation differences	(445.211)	36.440
Balances at 31 December	1.420.583	1.757.292

	31 December 2014	31 December 2013
Trade payables		
Trade payables	152.975.274	154.402.804
Due to related parties (Note 27)	3.517.840	5.310.429
	156.493.114	159.713.233
Less: Unrealised credit finance expense on purchases	(73.759)	(64.425)
	156.419.355	159.648.808

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
Other short-term receivables		
Taxes and other dues (*)	5.213.142	18.100.102
Other	1.559.325	1.895.376
	6.772.467	19.995.478

	31 December 2014	31 December 2013
Other long-term receivables		
Taxes and other dues (*)	14.654.839	17.947.105
Other	2.123.470	1.554.218
	16.778.309	19.501.323

(*) Prepaid taxes and other withholding taxes mainly comprise the social security premiums and other tax receivables of Kordsa Brazil which are over paid in excess in previous periods and the Company has the right to recollect from the Federal Bureau of Taxation.

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES (cont'd)

Other short-term payables	31 December 2014	31 December 2013
Taxes and duties payable	8.697.424	7.366.677
Payables on property, plant and equipment purchases	5.565.308	9.092.165
Other	1.677.224	4.395.036
	15.939.956	20.853.878

Other long-term payables	31 December 2014	31 December 2013
Taxes and duties payable (**)	11.367.331	12.625.641
	11.367.331	12.625.641

(**) Taxes and duties payables mainly comprise of long term social security contributions and other tax payables of Kordsa Brazil.

NOTE 9 – INVENTORIES

	31 December 2014	31 December 2013
Finished goods	219.318.254	140.247.437
Raw materials and supplies	130.323.323	121.431.765
Semi-finished goods	46.079.469	48.632.735
Spare parts	37.436.504	40.874.143
Intermediate goods	10.371.228	13.899.773
Other inventories	19.077.128	15.843.110
	462.605.906	380.928.963
Less: Provision for obsolescence	(9.002.927)	(8.082.858)
	453.602.979	372.846.105

The allocation of the provisions for obsolescence for the years ended 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Finished goods	5.116.265	2.813.802
Spare parts	3.173.548	4.305.026
Semi-finished and intermediate goods	209.736	74.011
Raw materials and supplies	503.378	890.019
Balance at 31 December	9.002.927	8.082.858

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NOTE 9 – INVENTORIES (cont'd)

Movement schedules for provision for obsolescence for the years ended 31 December 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	8.082.858	9.356.819
Additions	3.637.321	4.835.766
Reversals	(1.631.465)	(4.417.469)
Currency translation differences	(1.085.787)	(1.692.258)
Balance at 31 December	9.002.927	8.082.858

The amount of provision for inventory obsolescence classified to cost of goods sold for the year 2014 is TL 2.005.856 (2013: TL 418.297).

The cost of inventories recognised as expense and included in cost of sales amounted to TL 865.811.861 for the period 1 January - 31 December 2014 (2013: TL 832.554.078).

NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	31 December 2014	31 December 2013
Advances given	6.515.785	8.451.182
Prepaid expenses	2.329.338	3.691.205
Deposits and pledges given	6.867.503	690.964
Other	-	41.514
	15.712.626	12.874.865

Long-term prepaid expenses

	31 December 2014	31 December 2013
Advances given	6.027.634	14.074.264
Deferred finance expense	3.622.440	2.627.908
	9.650.074	16.702.172

Deferred income

	31 December 2014	31 December 2013
Deferred income	3.325.674	1.317.753
	3.325.674	1.317.753

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2014 is as follows:

	1 January 2014	Additions (**)	Disposals	Provision for impairment	Impact of liquidation of subsidiary (***)	Transfers to assets classified as held for sale (*)	Transfers	Currency translation differences	31 December 2014
Cost:									
Land and land improvements	68.745.325	13.064	-	-	(3.752.079)	-	39.114	1.721.115	66.766.539
Buildings	287.906.818	3.811.166	-	-	(24.627.775)	-	22.923.285	9.254.650	299.268.144
Machinery and equipment	1.445.482.663	50.425.566	(15.885.351)	-	(58.040.679)	-	133.119.339	44.074.971	1.599.176.509
Motor vehicles	3.775.324	138.119	(433.135)	-	(1.176.140)	-	514.370	779.400	3.597.938
Furniture and fixtures	50.258.393	225.144	(144.573)	-	(1.780.013)	-	4.389.292	(2.577.094)	50.371.149
Construction in progress	88.191.658	158.721.071	(960.736)	-	(2.722.052)	(4.385.340)	(167.033.904)	3.138.042	74.948.739
	1.944.360.181	213.334.130	(17.423.795)	-	(92.098.738)	(4.385.340)	(6.048.504)	56.391.084	2.094.129.018
Accumulated depreciation:									
Land improvements	22.649.279	1.157.208	-	-	-	-	-	746.980	24.553.467
Buildings	159.221.086	8.890.484	-	-	(6.855.519)	-	-	3.275.769	164.531.820
Machinery and equipment	839.688.091	58.299.439	(14.199.415)	2.003.561	(23.270.991)	-	-	16.218.311	878.738.996
Motor vehicles	3.347.563	373.011	(371.428)	-	(1.092.963)	-	-	140.868	2.397.050
Furniture and fixtures	37.978.510	2.520.267	(129.536)	-	(586.712)	-	-	(1.629.871)	38.152.659
	1.062.884.529	71.240.409	(14.700.379)	2.003.561	(31.806.185)	-	-	18.752.057	1.108.373.992
Net book value	881.475.652								985.755.026

(*) Since the two lawsuits filed by the previous owners of the land purchased on 20 September 2012 by Nile Kordsa for Industrial Fabrics S.A.E., a subsidiary of the Group, has been resolved in favor of the Company, the management possessed a possibility of disposition and carried out a resolution in this manner accordingly.

(**) Approximately USD 56 Million of additions to construction in progress arise from the investments in Indonesia.

(***) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movement of property, plant and equipment for the year ended 31 December 2013 is as follows:

	1 January 2013	Additions	Disposals	Transfers	Currency translation differences	31 December 2013
Cost:						
Land and land improvements	64.587.346	12.596	-	75.902	4.069.481	68.745.325
Buildings	272.595.169	568.505	(99.529)	1.858.972	12.983.701	287.906.818
Machinery and equipment	1.254.081.530	12.689.056	(1.697.962)	70.790.752	109.619.287	1.445.482.663
Motor vehicles	3.855.075	106.623	(756.121)	108.301	461.446	3.775.324
Furniture and fixtures	48.534.016	675.104	(4.228.721)	1.698.080	3.579.914	50.258.393
Construction in progress	97.049.015	66.646.437	-	(78,450.521)	2.946.727	88,191,658
	1.740.702.151	80.698.321	(6.782.333)	(3.918.514)	133.660.556	1.944.360.181
Accumulated depreciation:						
Land improvements	19.521.884	1.725.426	-	-	1.401.969	22.649.279
Buildings	149,412,176	8,947,521	(21,301)	-	882,690	159,221,086
Machinery and equipment	744,375,267	50,690,248	(906,189)	-	45,528,765	839,688,091
Motor vehicles	3,105,401	366,252	(558,824)	-	434,734	3,347,563
Furniture and fixtures	37,114,833	2,330,919	(4,208,481)	-	2,741,239	37,978,510
	953.529.561	64.060.366	(5.694.795)	-	50.989.397	1.062.884.529
Net book value	787.172.590					881.475.652

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

TL 69.148.875 (2013: TL 61.471.655) of current period depreciation and amortisation expenses are included in cost of sales, TL 1.599.273 (2013: 1.744.894 TL) is included in research and development expenses and TL 4.457.116 (2013: TL 4.171.130) is included in general administrative expenses. TL 4.084.558 of prior period depreciation and amortisation expenses are related to discontinued operations.

There are mortgages on property, plant and equipment amounting to TL 31.219.291 (2013: TL 28.464.170).

Leased assets included in property, plant and equipment	1 January- 31 December 2014	1 January- 31 December 2013
Cost	107.929	41.908
Accumulated depreciation	(106.737)	(41.908)
Net book value	1.192	-

NOTE 12 - INTANGIBLE ASSETS

	1 January 2014	Additions	Transfers	Impact of liquidation of subsidiary (**)	Currency translation differences	31 December 2014
Cost:						
Rights	19.866.061	323.093	910.477	-	(512.688)	20.586.943
Technology licences	22.930.948	-	-	(6.305.918)	543.249	17.168.279
Capitalized development expenses (*)	12.737.753	-	-	-	-	12.737.753
Computer software	4.485.092	3.443.225	2.205.640	(1.081.111)	389.793	9.442.638
Customer relationships	659.479	-	-	-	-	659.479
Other	1.119.379	882	2.932.387	-	-	4.052.648
	61.798.712	3.767.200	6.048.504	(7.387.029)	420.354	64.647.741
Accumulated Amortization:						
Rights	3.997.857	1.228.395	-	-	-	5.226.252
Technology licences	18.697.655	29.260	-	(4.009.041)	334.310	15.052.184
Capitalized development expenses	3.432.986	1.270.983	-	-	-	4.703.969
Computer software	12.042.258	830.286	-	(1.080.733)	147.075	11.938.886
Other	1.088.784	605.931	-	-	-	1.694.715
	39.259.540	3.964.855	-	(5.089.774)	481.385	38.616.006
Net book value	22.539.172					26.031.735

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NOTE 12 - INTANGIBLE ASSETS (cont'd)

	1 January 2013	Additions	Disposals	Transfers	Currency translation differences	31 December 2013
Cost:						
Rights	16.759.611	31.135	-	3.572.854	(497.539)	19.866.061
Technology licences	21.452.679	-	-	-	1.478.269	22.930.948
Capitalized development expenses	12.737.753	-	-	-	-	12.737.753
Computer software	3.156.456	386.992	(47.949)	346.018	643.575	4.485.092
Customer relationships	659.479	-	-	-	-	659.479
Other	1.119.737	-	-	(358)	-	1.119.379
	55.885.715	418.127	(47.949)	3.918.514	1.624.305	61.798.712
Accumulated Amortization:						
Rights	3.026.151	1.059.308	-	-	(87.602)	3.997.857
Technology licences	17.352.708	296.204	-	-	1.048.743	18.697.655
Capitalized development expenses	2.022.031	1.410.955	-	-	-	3.432.986
Computer software	10.988.548	549.781	(39.590)	-	543.519	12.042.258
Other	1.077.719	11.065	-	-	-	1.088.784
	34.467.157	3.327.313	(39.590)	-	1.504.660	39.259.540
Net book value	21.418.558					22.539.172

(*) Capitalized development expenses are comprised of the capitalized projects of the R&D center in İzmit. As of 31 December 2014, the average useful lives for the capitalized projects have been evaluated on a project basis and determined as 5 - 20 years.

(**) Impact of liquidation of subsidiaries arise from Kordsa Argentina and KQNE.

NOTE 13 – INVESTMENT PROPERTY

	1 January - 31 December 2014	1 January - 31 December 2013
Balance at the beginning of the year	17.441.751	16.120.288
Gain / (loss) from fair value adjustments (*)	3.262.597	(1.665.884)
Currency translation differences	1.627.699	2.987.347
Closing balance	22.332.047	17.441.751

(*) As of 31 December 2014 and 2013 the fair value of the Group's investment property in PT Indo Kordsa Company in Asia Pasific Region has been determined by independent experts who are not related with the Group and have appropriate qualifications and recent experience in the valuation of properties. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest of the value in use has been considered. In the current period no different valuation methodology is performed.

As of 31 December 2014, the fair value hierarchy of the Group's investment property is Level 2 and in the current period there has been no transition between Level 1 and Level 2.

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NOTE 14 – GOODWILL

The goodwill with an amount of TL 45.595.167 (2013: TL 45.595.167) net book value as of 31 December 2014 consisted of TL 42.570.007 (2013: TL 42.570.007), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, and TL 3.025.160 (2013: TL 3.025.160), which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006.

In Note 2.6 details of assessment for the impairment of goodwill is defined. There is no change in the book value of the goodwill, which is TL 45.595.167 for the period ended as of 31 December 2014 and 2013.

NOTE 15 - GOVERNMENT GRANTS

	31 December 2014	31 December 2013
Government grants	2.501.429	2.777.375

Government grants comprise the incentives related to the fixed asset purchase of Interkordsa GmbH.

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

a) Guarantees given

	31 December 2014	31 December 2013
Pledges given to banks	153.986.755	47.841.500
Letter of guarantees	21.931.204	23.155.112
Letter of credits	21.108.245	44.108.044
Pledges	315.670	222.683
Pledges given for machinery and equipment	10.302.212	7.341.250
Other guarantees given	1.239.762	1.157.683
	208.883.848	123.826.272

b) Guarantees received

	31 December 2014	31 December 2013
Letter of guarantees	10.099.767	2.368.280
Cheques and notes received as collateral	938.409	900.880
	11.038.176	3.269.160

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NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**c) Guarantees, Pledges and Mortgages given by the Group ("GPM"):**

31 December 2014	TL Equivalent	TL	USD	EUR	Thai Baht	Indonesian Rupiah (000)	Brazilian Real	Argentina Peso	Other TL Equivalent
"A. Total of GPMs given on behalf of own legal personality"	208.883.848	15.712.298	75.835.260	5.947.370	4.687.221	-	-	-	211.680
"B. Total of GPMs given on behalf of subsidiaries consolidated in full"	55.129.863	-	23.774.144	-	-	-	-	-	-
"C. GPM given for continuation of its economic activities on behalf of third parties"	-	-	-	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-	-	-	-
" i. Total amount of GPM given on behalf of the majority shareholder"	-	-	-	-	-	-	-	-	-
" ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C"	-	-	-	-	-	-	-	-	-
" iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C"	-	-	-	-	-	-	-	-	-
	264.013.711	15.712.298	99.609.404	5.947.370	4.687.221	-	-	-	211.680
31 December 2013	TL Equivalent	TL	USD	EUR	Thai Baht	Indonesian Rupiah (000)	Brazilian Real	Argentina Peso	Other TL Equivalent
"A. Total of GPMs given on behalf of own legal personality"	123.826.272	16.493.656	43.097.009	4.810.933	4.623.614	-	-	2.183.022	208.136
"B. Total of GPMs given on behalf of subsidiaries consolidated in full"	124.047.296	-	58.120.834	-	-	-	-	-	-
"C. GPM given for continuation of its economic activities on behalf of third parties"	-	-	-	-	-	-	-	-	-
D.Total amount of other GPM (*)	-	-	-	-	-	-	-	-	-
" i. Total amount of GPM given on behalf of the majority shareholder"	-	-	-	-	-	-	-	-	-
" ii. Total amount of GPM given to on behalf of other Group companies which are not in scope of B and C"	-	-	-	-	-	-	-	-	-
" iii. Total amount of GPM given on behalf of third parties which are not in scope of clause C"	-	-	-	-	-	-	-	-	-
	247.873.568	16.493.656	101.217.843	4.810.933	4.623.614	-	-	2.183.022	208.136

(*) The percentage of the Group's other GPMs to the Group's equity as of 31 December 2014 is 0% (31 December 2013: 0%).

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NOTE 16 - PROVISIONS, COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (cont'd)

i) During the preparation of the consolidated financial statements for the fiscal period 01 January to 31 December 2008, the Group found that a person employed in the accounting department of Kordsa Global İzmit had caused the Group to suffer loss through misappropriation of the Company's assets, and in an attempt to recover the money embezzled by the employee the Group initiated legal proceedings with a claim of TL 4.774.030 without limiting its right to litigation and to claim any excess.

ii) There are three lawsuits filed by the previous owner of the lands that, Nile Kordsa Company for Industrial Fabrics S.A.E, one of the subsidiaries of The Group, has acquired on 20 September 2012. The first trials of two of the lawsuits, claiming that the valuation of the lands were improperly performed, have ended in favour of The Company on 26 March 2013 and then appealed by the litigator. Review of the appeal of the lawsuit mentioned above has ended in favor of the Group on 4 June 2014 thus resulting in the closure of related cases.

NOTE 17 – EMPLOYEE BENEFITS

Short-term provisions for employee benefits

	31 December 2014	31 December 2013
Provision for unused vacation	6.308.890	6.455.175
Provision for bonus accrual	5.691.919	5.437.586
Provision for lawsuits	48.060	635.522
Provision for capital contribution plan (*)	309.427	6.362
	12.358.296	12.534.645

(*) The Group applies a contribution-based (premium pay) profit-sharing programme called "Capital Contribution Plan" for North America region workers, where 5% of the total premiums earned is paid annually to employees' account, which is reimbursible after fulfilling three years of work experience within the Group.

In addition to this benefit, another plan called 401(k) is applied to the employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employees' contribution.

Movements in the provision for unused vacation during the year are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	6.455.175	5.612.458
Increase during the year	4.997.847	4.751.282
Decrease during the year	(2.668.712)	(4.625.605)
Currency translation differences	(2.475.420)	717.040
Balances at 31 December	6.308.890	6.455.175

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NOTE 17 – EMPLOYEE BENEFITS (cont'd)

Non-current employee benefits

	31 December 2014	31 December 2013
Provision for employment termination benefits (*)	22.912.001	21.761.732
Accruals for employee retirement benefit plans (**)	10.691.622	7.298.562
	33.603.623	29.060.294

(*) Provision for employment termination benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and achieves the retirement age 60 for men (58 for women).

At 31 December 2014 the amount payable consists of one month's salary limited to a maximum of TL 3.438,22 (2013: TL 3.254,44) for each year of service.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2014	2013
Discount rate (%)	3,73	3,73
The probability of retirement (%)	98,27	98,58

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 3.541,37 (1 January 2014: TL 3.438,22), which is effective from 1 January 2015, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

Movements in the provision for employment termination benefits during the year are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	21.761.732	22.727.624
Addition during the year	584.733	4.927.385
Paid during the year	(1.848.354)	(5.893.277)
Actuarial loss / (gain)	2.413.890	-
Balances at 31 December	22.912.001	21.761.732

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NOTE 17 – EMPLOYEE BENEFITS (cont'd)

(**) Provision for employment retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the balance sheet date. Independent actuarial assumptions and 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employment retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to work hours of the employees. Work hours and salary provisions those should be paid are listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days - 1 year	30 days
Within 1 yıl - 3 years	90 days
Within 3 yıl - 6 years	180 days
Within 6 yıl - 10 years	240 days
Over 10 years	300 days

Provision of employee termination benefit is calculated by an independent firm with considering the variables such as employee ages, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in consolidated profit or loss statement as income or expense with considering the expected working period of employees.

Movement schedule of provision for employment retirement benefit plans is as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Balances at 1 January	7.298.562	4.513.117
Additions	2.630.707	1.860.361
Payments	(15.223)	(71.471)
Currency translation differences	777.576	996.555
Balances at 31 December	10.691.622	7.298.562

Employee benefit obligations

	31 December 2014	31 December 2013
Due to personnel	4.698.100	3.674.559
	4.698.100	3.674.559

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NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2014	31 December 2013
Deductible VAT	40.558.454	29.338.612
Prepaid taxes	7.165.604	7.871.295
Deferred VAT	4.117.311	1.568.106
Advances given to personnel	609.222	660.497
Insurance claim income	49.315	3.193.147
Other	2.346.798	2.280.517
	54.846.704	44.912.174

Other non-current assets

	31 December 2014	31 December 2013
Long-term deposits	155.526	1.302.362
	155.526	1.302.362

Other short-term liabilities

	31 December 2014	31 December 2013
Expense accruals	4.739.688	6.325.644
Sales discounts and commission accruals (**)	6.283.925	4.191.514
Other tax accruals (*)	2.152.304	1.832.074
Other personnel expenses	695.670	878.051
Consultancy expenses	-	558.120
Other	1.871.854	2.346.435
	15.743.441	16.131.838

(*) Other tax accruals mainly comprise foreign Subsidiaries' export, hygiene, security and other tax liabilities.

(**) Sales discount and commission accruals consist of the accrued intermediary commissions as of the balance sheet date.

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NOTE 19 – EQUITY

Paid-in share capital

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 shares of Kr1 nominal value (2013: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shareholdings at 31 December 2014 and 2013 are as follows:

	2014	Share (%)	2013	Share (%)
Hacı Ömer Sabancı Holding A.Ş.	177.233.427	91,11	177.233.427	91,11
Other (Public and Central Registry Agency (CRA))	17.295.649	8,89	17.295.649	8,89
Total paid-in share capital	194.529.076	100,00	194.529.076	100,00

Revaluation and Hedging Reserves

	31 December 2014	31 December 2013
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	1.511.419	-
	1.241.268	(270.151)

Financial Assets Fair Value Reserve:

The Financial Assets Fair Value Reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Hedging Reserve:

The Hedging Reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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NOTE 19 – EQUITY (cont'd)

Movements of Hedging Reserve:

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	-	(1.380.180)
Increases/ decreases	(1.815.539)	11.235.669
Income tax related to gains / losses recognized in other comprehensive income	(375.012)	(345.045)
Reclassified to profit or loss	3.690.600	(10.130.644)
Foreign currency translation differences	11.370	620.200
Balances at 31 December	1.511.419	-

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.736 was accounted as addition to share premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

Restricted Reserves

As of 31 December 2014 restricted reserves comprise the legal reserves amounting to TL 30.757.308 (2013: TL 31.024.246).

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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NOTE 19 – EQUITY (cont'd)

Profit Distribution

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2014. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communiqué mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

The composition of Group's equity, which is considered as the basis for profit distribution is as follows:

	31 December 2014	31 December 2013
Net income for the period	77.159.978	30.822.808
Retained earnings	34.748.037	3.658.291
	111.908.015	34.481.099

NOTE 20 - SALES AND COST OF GOODS SOLD

	1 January- 31 December 2014	1 January- 31 December 2013
Sales income (gross)	1.722.717.905	1.548.326.333
Sales returns (-)	(3.822.832)	(1.731.492)
Sales discounts (-)	(5.836.044)	(7.421.643)
Other sales discounts (-)	(11.213.612)	(6.223.559)
Sales Income (Net)	1.701.845.417	1.532.949.639
Cost of sales (-)	(1.459.101.735)	(1.368.032.387)
Gross Profit	242.743.682	164.917.252

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NOTE 21 - EXPENSES BY NATURE

	1 January- 31 December 2014	1 January- 31 December 2013
Raw materials and consumables used	865.811.861	832.554.078
Personnel expenses	221.589.790	218.451.952
Energy expenses	140.458.338	129.264.784
Depreciation and amortization expenses	75.205.264	63.303.121
Distribution expenses	38.666.411	34.065.115
Packaging expenses	36.498.938	33.401.854
Consultancy expenses	11.204.565	9.082.353
Idle mill expenses	3.359.423	5.412.915
Rent expenses	2.119.413	2.027.379
Service, maintenance expenses	1.380.674	973.301
Other	198.564.370	158.935.281
	1.594.859.047	1.487.472.133

NOTE 22 – OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains/ losses on trade receivables	58.016.250	57.527.604
Domestic production incentive income (*)	22.002.898	17.877.204
Unearned finance income on credit sales	7.936.465	4.127.258
Export incentive income	3.323.367	2.768.219
Rent income	99.730	114.071
Income from insurance claims	16.617	4.228.026
Other	4.619.522	4.921.732
	96.014.849	91.564.114

Other operating expenses	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains/ losses on trade payables	68.065.411	40.533.701
Taxes and duties	10.175.074	6.809.590
Donations	5.150.068	34.586
Expenses of the customer damages	3.108.204	464.464
Property, plant and equipment impairment loss (**)	2.003.561	-
Unrealized finance expense on credit purchases	1.503.154	1.007.009
Other	5.008.419	2.947.860
	95.013.891	51.797.210

(*) Domestic production incentive income refers to the Brazilian Subsidiary's sales tax return income on finished goods produced and sold in its own country.

(**) Impairment losses as of 31 December 2014 arise from Nile Kordsa.

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NOTE 23 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 December 2014	1 January- 31 December 2013
Interest income	2.344.032	1.016.514
Gain on sale of property, plant and equipment	1.012.723	927.608
Gain from fair value of investment properties	3.262.597	-
	6.619.352	1.944.122

Expenses from investing activities	1 January- 31 December 2014	1 January- 31 December 2013
Loss from liquidation of subsidiary	-	456.379
Loss on sale of property, plant and equipment	1.266.004	294.259
Loss from fair value of investment properties	-	1.665.884
	1.266.004	2.416.522

NOTE 24 – FINANCIAL INCOME/ EXPENSES

Finance income	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange gains	1.609.644	-
	1.609.644	-

Finance expenses	1 January- 31 December 2014	1 January- 31 December 2013
Foreign exchange losses	-	14.078.430
Interest expenses	14.721.261	12.977.989
Other	678.060	586.278
	15.399.321	27.642.697

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NOTE 25 - TAXATION ON INCOME

Corporate Tax

	31 December 2014	31 December 2013
Corporate tax payable	13.407.206	9.100.287
Less: Prepaid taxes (*)	(13.407.206)	(9.100.287)
	-	-

(*) As of 31 December 2014, the Prepaid Corporate Tax exceeding the Corporate Taxes Payable amounting to TL 9.722.321 (2013: TL 4.834.871) has been accounted for under Assets Related to Current Tax account.

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax rate for tax accrual on taxable income is applied to the taxable profit which is calculated by adding non-deductible expenses and deducting certain exemptions that take place in tax laws (carryforward losses and if utilized exemptions for investment incentives).

The taxes on income reflected to consolidated income statements for the years ended 31 December 2014 and 2013 are summarized as follows:

	"1 January- 31 December 2014"	"1 January- 31 December 2013"
Current period corporate tax expense	(13.407.206)	(9.100.287)
Deferred tax income / (expense)	2.736.451	(5.306.185)
	(10.670.755)	(14.406.472)

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NOTE 25 - TAXATION ON INCOME (cont'd)**Corporate Tax (cont'd)**

The reconciliation of tax on the consolidated profit or loss tables for the years ended 31 December 2014 and 2013 is as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Profit before tax in the consolidated financial statements	99.550.999	57.129.313
Tax charge according to parent company's tax rate 20%	19.910.200	11.425.863
Tax rate differences of subsidiaries	(409.535)	1.855.176
Expected tax charge of the Group	19.500.665	13.281.039
Disallowable expenses	-	332.972
Other exempt income	1.154.105	22.308
Dividend income	-	(1.555.471)
Lump-sum expense provision	(509.769)	(470.283)
Research and development incentive allowance	(2.530.584)	-
Consolidation eliminations without deferred tax effect	(6.943.662)	2.795.908
Current period tax expense	10.670.755	14.406.473

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements.

Tax rate used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method is 20% in Turkey (2013: 20%).

At 31 December 2014 and 2013, tax rates used for companies operating in Egypt are 30% and 25%, respectively.

At 31 December 2014 and 2013, tax rates used for companies operating in Germany are 30% and 30%, respectively.

At 31 December 2014 and 2013, tax rate used for companies operating in the United States of America is 35% and Brazil is 21,5%.

At 31 December 2014 and 2013, tax rate used for companies operating in Indonesia is 25% and China is 25%.

At 31 December 2014 and 2013, tax rate used for companies operating in Thailand is 20% and 20%.

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NOTE 25 - TAXATION ON INCOME (cont'd)

Corporate Tax (cont'd)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided at 31 December 2014 and 2013 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Provision for employment termination benefits	37.670.311	25.387.225	8.277.830	5.258.715
Carried forward tax losses	-	16.551.275	-	5.577.770
Research and development deductions	-	10.499.395	-	2.099.879
Inventories	13.709.356	6.145.814	3.526.602	1.861.992
Doubtful receivable provision	1.023.161	659.053	386.141	228.021
Consignment sales adjustment	604.519	494.136	120.904	98.827
Unearned credit finance income	664.065	383.275	132.813	76.655
Other	24.516.700	20.739.450	8.301.087	6.658.425
Deferred tax assets			20.745.377	21.860.284
Property, plant and equipment and intangibles	182.054.761	157.507.556	(64.443.268)	(59.076.905)
Other	33.075.620	34.275.442	(6.615.124)	(6.855.053)
Deferred tax liabilities			(71.058.392)	(65.931.958)
Net deferred tax liability			(50.313.015)	(44.071.674)

Deferred Tax

	1 January- 31 December 2014	1 January- 31 December 2013
Balances at 1 January	(44.071.674)	(34.486.466)
Impact of liquidation of subsidiary	(6.971.581)	-
Current year deferred tax income / (expense) - net	2.736.451	(5.306.185)
Accounted for under equity	228.462	(345.045)
Currency translation differences	(2.234.673)	(3.933.978)
Balances at 31 December	(50.313.015)	(44.071.674)

Since it is not anticipated to be able to offset the financial losses of the Group's subsidiary Kordsa Brazil, which amounted to TL 60.351.919 as of 31 December 2014 (2013: TL 54.782.806), no deferred tax asset has been calculated and included in the above table. According to the Brazilian tax system, there is no time limitation for the carry forward of the financial losses. However, the maximum amount which can be offset within any given year is limited to the 30% of the total profit, which is subject to tax, of the related year.

	31 December 2014	31 December 2013
Deferred tax assets that are expected to be benefited from after one year	8.277.830	10.836.485
Deferred tax liabilities that are expected to be realized after one year	71.058.392	65.931.958

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NOTE 26 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated income statements is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 31 December 2014	1 January- 31 December 2013
Net income attributable to equity holders of the parent	77.159.978	30.822.808
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	3,97	1,58
Earning per share from continuing operations		
Net income attributable to equity holders of the parent	71.467.175	34.906.138
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	3,67	1,79

Nominal values of ordinary shares for the years ended 31 December 2014 and 2013 are assumed to be Kr 1 each.

NOTE 27 – RELATED PARTY DISCLOSURES

Bank balances:	31 December 2014	31 December 2013
Akbank T.A.Ş. – time deposits	-	11.928.550
Akbank T.A.Ş. - demand deposits	575.770	5.660.436
	575.770	17.588.986

	31 December 2014	31 December 2013
Akbank T.A.Ş. – bank borrowings	1.323.846	-

Due from related parties:	31 December 2014	31 December 2013
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	12.820.148	2.749.081
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	48.033	44.285
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	13.509	16.218
Akbank A.G. (*)	2.318	3.333
Other	7.551	9.044
	12.891.559	2.821.961

(*) Balance consists of the receivables from factoring transactions of Interkordsa.

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NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Due to related parties:	31 December 2014	31 December 2013
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	2.841.513	3.642.073
Bimsa	276.096	170.822
Brisa	91.080	95.056
Aksigorta A.Ş.	68.109	43.574
Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding")	19.252	6.718
Sabancı Üniversitesi	5.100	9.927
Enerjisa Doğalgaz Toptan Satış A.Ş. ("Gasco")	-	1.313.372
Other	216.690	28.887
	3.517.840	5.310.429

Product sales	1 January- 31 December 2014	1 January- 31 December 2013
Brisa	52.712.099	45.280.492

Service sales	1 January- 31 December 2014	1 January- 31 December 2013
Sabancı Holding	4.614	11.110
Enerjisa	1.586	5.935
	6.200	17.045

Service sales arise from invoicing of common services incurred for the above companies which operate in the same area.

Product purchases	1 January- 31 December 2014	1 January- 31 December 2013
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	35.448.506	34.951.712
Enerjisa Doğalgaz Toptan Satış A.Ş. ("Gasco")	-	12.211.042
SASA	-	4.445.630
	35.448.506	51.608.384

Services received	1 January- 31 December 2014	1 January- 31 December 2013
Aksigorta	4.621.815	4.016.938
Bimsa	3.309.493	2.392.577
Ak Emeklilik A.Ş.	420.841	409.268
Sabancı Üniversitesi	74.039	60.204
Teknosa	6.600	14.921
Sabancı Holding	5.581	155.194
Brisa	-	1.872
Other	852.002	796.700
	9.290.371	7.847.674

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NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

	1 January- 31 December 2014	1 January- 31 December 2013
Property, plant and equipment purchases		
Bimsa	356.679	-
Teknosa	-	17.316
	356.679	17.316
Interest income		
Akbank T.A.Ş.	-	-
Interest expense		
Akbank T.A.Ş.	151	809.953
Foreign exchange gains / (losses) - net		
Akbank T.A.Ş.	(421.579)	2.464.947
Rent expense		
Sabancı Holding	365.708	551.304
Rent income		
Bimsa	52.269	48.763
Other	32.932	24.139
	85.201	72.902
Donations		
Sabancı University	5.114.501	-

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NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

Remunerations:

The Group defined its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided by the Group for 2014 and 2013 are as follows:

	1 January- 31 December 2014	1 January- 31 December 2013
Short-term employee benefits	9.791.554	10.205.574
Other long-term benefits	128.676	158.115
Employee termination benefits	115.488	437.320
Post-employment benefits	209.600	228.176
	10.245.318	11.029.185

Security and guarantee letters given:

2014

Related parties	Amount	Currency	Detail	Bank
Kordsa Brazil	13.860.360	US Dollar	Loan Guarantee	IFC
Nile Kordsa	9.913.784	US Dollar	Loan Guarantee	IFC

2013

Related parties	Amount	Currency	Detail	Bank
Kordsa Argentina	12.187.500	US Dollar	Loan Guarantee	IFC
Kordsa Argentina	14.620.834	US Dollar	Loan Guarantee	Citibank N.A.
Kordsa Brazil	20.312.500	US Dollar	Loan Guarantee	IFC
Nile Kordsa	11.000.000	US Dollar	Loan Guarantee	IFC

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NOTE 28 - INTERESTS IN OTHER ENTITIES

Financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

Subsidiary	31 December 2014			
	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	39,79%	14.632.382	185.150.969	6.149.984
Other		2.780.687	14.949.209	
Total		17.413.069	200.100.178	

Subsidiary	31 December 2013			
	Non-controlling interests %	Net profit/ loss attributable to non-controlling interests	Profit/ (loss) allocated to non-controlling interests	Dividend distributed to non-controlling interests
PT Indo Kordsa Tbk (*)	39,79%	7.892.233	155.707.488	5.126.194
Other		(75.530)	14.902.753	
Total		7.816.703	170.610.241	

Summary balance sheet information:

	PT Indo Kordsa Tbk	
	31 December 2014	31 December 2013
Cash and cash equivalents	9.430.876	4.548.329
Other current assets	222.030.082	189.635.040
Non-current assets	456.348.416	283.554.518
Total assets	687.809.374	477.737.887
Short-term borrowings	89.576.387	66.709.939
Other short-term liabilities	70.704.741	38.877.406
Long-term borrowings	103.166.395	22.744.859
Other long-term liabilities	27.779.062	18.793.591
Total liabilities	291.226.585	147.125.795
Total equity	396.582.789	330.612.092
Equity attributable to owners of the parent	351.157.317	290.490.955
Non-controlling interests (**)	45.425.472	40.121.137

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NOTE 28 - INTERESTS IN OTHER ENTITIES (cont'd)**Summary profit or loss statement information:**

	PT Indo Kordsa Tbk	
	1 January - 31 December 2014	1 January - 31 December 2013
Sales	446.665.286	374.750.536
Depreciation and amortization	20.862.621	15.319.739
Operating profit/ (loss)	(11.925.588)	(9.780.414)
Net financial income/ (expense)	(3.081.976)	(2.438.703)
Profit/ (loss) before tax	57.592.735	29.356.481
Profit for the period	36.774.018	19.834.714

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk, PT Indo Kordsa Polyester and Thai Indo Kordsa Co., Ltd.

(**) Arises from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**Financial risk management****Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by Finance department of Kordsa Global under policies approved by the board of directors. Finance department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk analysis of the financial liabilities of the Group as of 31 December 2014 and 2013 is as follows:

Non-derivative financial liabilities (1)(2):

31 December 2014	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	557.179.367	575.978.393	73.139.927	359.274.273	139.415.300	4.148.894
Trade payables	156.922.154	156.902.903	150.968.065	5.934.838	-	-
Other payables	7.242.532	9.897.894	9.863.862	34.032	-	-
	721.344.053	742.779.190	233.971.854	365.243.143	139.415.300	4.148.894

31 December 2013	Carrying value	Contractual cash flows	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Financial liabilities	413.506.782	458.036.675	102.348.603	230.361.861	122.890.365	2.435.846
Trade payables	160.244.389	157.068.574	154.708.070	1.764.923	595.581	-
Other payables	16.264.576	14.070.840	9.699.165	4.109.670	-	262.005
	590.015.747	629.176.089	266.755.838	236.236.454	123.485.946	2.697.851

(1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.

(2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the carrying value.

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates. The Group enters into interest rate swap transactions in order to decrease the risks in relation to the increase in interest rates.

Interest rate risk table of the Group as of 31 December 2014 and 2013 is as follows:

Variable interest financial instruments	1 January- 31 December 2014	1 January- 31 December 2013
Financial liabilities	440.004.314	275.210.877

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

At 31 December 2014, if interest rates on US Dollar denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 5.063 (2013: TL 593.342), mainly as a result of higher/lower interest expense on floating rate borrowings.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Interest rate risk (cont'd)

At 31 December 2014, if interest rates on Euro denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 406 (2013: TL 374), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2014, if interest rates on Brazilian Real denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 3.975 (2013: TL 7.412), mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira. Foreign Exchange risk is monitored with an analysis of foreign exchange positions. In addition, the Group aims to reduce foreign exchange risk arising from assets and liabilities by using currency and interest rate swap instruments. As of 31 December 2014, there are no swap transactions.

Derivative financial instruments

The derivative financial instruments of the Group comprise foreign currency and interest rate swap transactions and forward contracts.

The Group entered into foreign currency forward transactions with due date 2014 in order to manage the risks emerging from the sales transactions which are expected to occur within 12 months following the balance sheet date. The carrying values of the items hedged against the non-financial risk will be adjusted once the expected sales will take place. The Group also entered into foreign currency forward transactions with due date 2014 in order to hedge its trade receivables and payables from the effects of the changes in foreign currency exchange rates.

The Group also uses fair value hedge with its derivative portfolio to hedge its trade receivables and payables from the effects of the exchange rate differences in the markets. According to this, the net-off figures of the exchange rate change in the balance sheet and the exchange rate change of the derivative portfolio are presented in the income statement and the effectiveness of the hedge accounting is evaluated at each balance sheet date.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Derivative financial instruments (cont'd)

Foreign exchange forward contracts:

31 December 2014	Average Rate	Foreign Currency (TL)	Contract Value (TL)	Fair Value (TL)
USD buy Euro sell				
Less than 3 months	1,2486	18.616.620	8.232.740	483.927
between 3-6 months	1,2491	18.616.620	8.235.280	473.538
between 6-9 months	1,2500	18.616.620	8.241.140	463.548
between 9-12 months	1,2500	18.616.620	8.251.630	454.048
				1.875.061

As of 31 December 2013 there are no foreign exchange forward contracts.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Market risk (cont'd)

Derivative financial instruments (cont'd)

Hedges of net investments in foreign operations:

In case there are derivative financial instruments or non-derivative financial liabilities designated to hedge against the financial risks resulting from net investments in foreign operations;

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

The Company subjected the net investment in its foreign subsidiaries and the US Dollar and Euro borrowings in other subsidiaries to the hedge of a net investment in foreign operations. The Company accounted for the foreign exchange losses arising from the related borrowings amounting to TL 8,092,838 (31 December 2013: TL 47,296,564) under Currency Translation Reserves in Equity in accordance with TAS 39 and TFRS Interpretation 16.

Foreign currency position:

Group's assets and liabilities denominated in foreign currencies at 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Assets	343.350.894	392.457.662
Liabilities	(504.943.411)	(360.437.427)
Net foreign currency position	(161.592.517)	32.020.235

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2014	Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	Indonesian Rupiah ('000) (*)	Brazilian Real (*)	Other TL Equivalent
Assets:							
Trade receivables	241,726,884	63,018,760	7,387,772	265,779,074	62,383,743	42,141,556	1,717,921
Cash and cash equivalent	13,562,431	2,242,079	223,759	59,741,542	9,068,196	799,513	1,141,028
Other monetary receivables and assets	1,690,202	243,396	46,399	1,044,947	4,673,650	57,506	-
Other non-monetary receivables and assets	59,712,847	5,697,044	432,847	32,473,526	193,883,006	4,948,204	2,535,620
Current assets	316,692,364	71,201,279	8,090,777	359,039,089	270,008,595	47,946,779	5,394,569
Non-current assets held for sale	74,620	32,179	-	-	-	-	-
Other monetary receivables and assets	24,708,849	553,760	-	503,000	3,129,750	19,218,830	6,027,634
Non-current assets	24,783,469	585,939	-	503,000	3,129,750	19,218,830	6,027,634
Total assets	341,475,833	71,787,218	8,090,777	359,542,089	273,138,345	67,165,609	11,422,203
Liabilities:							
Trade payables	133,069,050	41,459,807	6,018,874	14,959,360	43,410,048	7,308,894	4,425,403
Financial payables	416,977,036	73,470,899	87,427,010	-	-	-	-
Other monetary payables and liabilities	39,001,242	7,126,794	1,036,350	59,437,751	31,081,735	9,752,996	1,061,977
Total short-term liabilities	589,047,328	122,057,500	94,482,234	74,397,111	74,491,783	17,061,890	5,487,380
Financial payables	138,878,485	59,889,628	-	-	-	-	-
Other monetary payables and liabilities	16,370,188	-	1,773,622	26,864,004	47,218,128	13,020,788	-
Total long-term liabilities	155,248,673	59,889,628	1,773,622	26,864,004	47,218,128	13,020,788	-
Total liabilities	744,296,001	181,947,128	96,255,856	101,261,115	121,709,911	30,082,678	5,487,380
Fair value of financial instruments used for foreign currency hedging	1,875,061	808,599	-	-	-	-	-
Hedged portion of foreign currency liabilities	239,352,590	35,100,000	56,000,000	-	-	-	-
Net foreign currency asset / (liability) position	(161,592,517)	(74,251,311)	(32,165,079)	258,280,974	151,428,434	37,082,931	5,934,823
Monetary items net foreign currency asset / (liability) position	(462,533,015)	(115,856,954)	(88,597,926)	225,807,448	(42,454,572)	32,134,727	3,399,203

(*) The amounts are denominated in the related currency.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2013	Total TL equivalent	US Dollars (*)	Euro (*)	Thai Baht (*)	Indonesian Rupiah ('000) (*)	Brazilian Real (*)	Argentinean Pesos (*)	Other TL Equivalent
Assets:								
Trade receivables	234.182.640	50.092.479	20.241.909	259.437.596	84.951.855	28.194.133	2.872.681	2.226.760
Cash and cash equivalent	48.996.903	8.425.433	3.585.014	4.078.680	16.831.632	2.268.920	2.821.089	14.284.086
Other monetary receivables and assets	9.040.160	234.971	1.435.360	786.267	4.542.119	513.229	8.951.676	228.000
Other non-monetary receivables and assets	62.732.097	7.992.425	20.020	36.908.186	161.495.469	3.303.596	24.298.706	3.825.604
Current assets	354.951.800	66.745.308	25.282.303	301.210.729	267.821.075	34.279.878	38.944.152	20.564.450
Other monetary receivables and assets	37.505.862	8.174.510	-	669.720	2.936.153	16.075.617	14.834.022	-
Non-current assets	37.505.862	8.174.510	-	669.720	2.936.153	16.075.617	14.834.022	-
Total assets	392.457.662	74.919.818	25.282.303	301.880.449	270.757.228	50.355.495	53.778.174	20.564.450
Liabilities:								
Trade payables	128.223.837	51.031.941	2.888.992	12.762.536	4.991.518	4.099.381	8.876.297	2.478.656
Financial payables	321.877.413	70.920.429	58.066.386	-	-	-	-	-
Other monetary payables and liabilities	41.956.518	6.773.986	2.076.190	30.243.868	33.357.474	7.945.401	15.991.675	1.121.074
Total short-term liabilities	492.057.768	128.726.356	63.031.568	43.006.404	38.348.992	12.044.782	24.867.972	3.599.730
Financial payables	91.478.069	42.860.923	-	-	-	-	-	-
Other monetary payables and liabilities	18.180.390	-	1.891.622	24.468.973	32.592.842	11.597.053	6.293.310	-
Total long-term liabilities	109.658.459	42.860.923	1.891.622	24.468.973	32.592.842	11.597.053	6.293.310	-
Total liabilities	601.716.227	171.587.279	64.923.190	67.475.377	70.941.834	23.641.835	31.161.282	3.599.730
Fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-	-	-
Hedged portion of foreign currency liabilities	241.278.800	36.000.000	56.000.000	-	-	-	-	-
Net foreign currency asset / (liability) position	32.020.235	(60.667.461)	16.359.113	234.405.072	199.815.394	26.713.660	22.616.892	16.964.720
Monetary items net foreign currency asset / (liability) position	(271.990.662)	(104.659.886)	(39.660.907)	197.496.886	38.319.925	23.410.064	(1.681.814)	13.139.116

(*) The amounts are denominated in the related currency.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

TL equivalents of the foreign currencies where the Group operates are as follows:

	31 December 2014	31 December 2013
Closing rates		
US Dollars	2,3189	2,1343
Euro	2,8207	2,9365
Indonesian Rupiah (1000 units)	0,1864	0,1751
Argentinean Peso	0,2703	0,3273
Brazilian Real	0,8730	0,9111
Thai Baht	0,0703	0,0650
Chinese Renminbia	0,3605	0,3501
Egyptian Pound	0,3230	0,3058
	1 January -	1 January -
Average rates	31 December 2014	31 December 2013
US Dollars	2,1879	1,9013
Euro	2,9060	2,5254
Indonesian Rupiah (1000 units)	0,1843	0,1818
Argentinean Peso	0,2710	0,3475
Brazilian Real	0,9296	0,8812
Thai Baht	0,0674	0,0619
Chinese Renminbia	0,3559	0,3071
Egyptian Pound	0,3079	0,2763

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency position as of 31 December 2014 and 2013 in regard to the changes in foreign currency rates is depicted in the table below:

31 December 2014

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(1.581.565)	1.581.565	26.365.600	(26.365.600)
Hedged USD (-)	-	-	-	-
USD net effect	(1.581.565)	1.581.565	26.365.600	(26.365.600)
Change in EURO against TL by 10%				
Euro net assets/liabilities	(923.814)	923.814	29.309.833	(29.309.833)
Hedged Euro (-)	-	-	-	-
Euro net effect	(923.814)	923.814	29.309.833	(29.309.833)
Change in other currency against TL by 10%				
Other currency net assets/liabilities	2.650.891	(2.650.891)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	2.650.891	(2.650.891)	-	-
	145.512	(145.512)	55.675.433	(55.675.433)

31 December 2013

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(4.543.097)	4.543.097	21.487.882	(21.487.882)
Hedged USD (-)	-	-	-	-
USD net effect	(4.543.097)	4.543.097	21.487.882	(21.487.882)
Change in EURO against TL by 10%				
Euro net assets/liabilities	7.375.697	(7.375.697)	24.071.344	(24.071.344)
Hedged Euro (-)	-	-	-	-
Euro net effect	7.375.697	(7.375.697)	24.071.344	(24.071.344)
Change in other currency against TL by 10%				
Other currency net assets/liabilities	4.055.526	(4.055.526)	-	-
Hedged other currency (-)	-	-	-	-
Other currency net effect	4.055.526	(4.055.526)	-	-
	6.888.126	(6.888.126)	45.559.226	(45.559.226)

Export and import transactions from and to Turkey as of 31 December 2014 and 2013 are as follows:

	31 December 2014		31 December 2013	
	Original balance	TL	Original balance	TL
Euro	132.079.206	384.444.198	143.446.581	359.864.046
US Dollars	65.709.561	144.224.241	68.213.891	130.779.758
Total export		528.668.439		490.643.804
			1 January- 31 December 2014	1 January- 31 December 2013
Import			418.748.481	368.851.621

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(c) Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders. The borrowings of the Group are from financially strong various financial institutions.

(d) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counter party and if necessary by obtaining guarantee.

Group uses internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, Group approves, increases or decreases individual customer credit limits for high balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letter of guarantees, mortgages and other guarantees are received for the high risk customers.

Comments on credit quality of financial assets

As of 31 December 2014 and 2013, Banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise of the customers/ related parties that are worked with for a long time and without significant collection problems.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2014, the credit risk regarding the financial instruments is as follows:

31 December 2014	Trade receivables		Other receivables (*)		Bank deposits	
	Related party	Other	Related party	Other	Related party	Other
Maximum credit risk based on financial instruments as of reporting date (**)	12.891.560	270.627.898	-	3.682.795	575.770	13.060.408
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	12.891.560	236.065.950	-	3.682.795	575.770	13.060.408
Net book value of past due but not impaired financial assets	-	34.561.948	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1.420.583	-	-	-	-
- Impairment (-)	-	(1.420.583)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

As of 31 December 2013, the credit risk regarding the financial instruments is as follows:

31 December 2013	Trade receivables		Other receivables (*)		Bank deposits	
	Related party	Other	Related party	Other	Related party	Other
Maximum credit risk based on financial instruments as of reporting date (**)	2.821,961	249,900,127	-	3,449,594	17,588,986	34,814,118
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
Net book value of not due or not impaired financial assets	2.821,961	225,951,936	-	3,449,594	17,588,986	34,814,118
Net book value of past due but not impaired financial assets	-	23,948,191	-	-	-	-
- Collateralized or guaranteed part	-	-	-	-	-	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Gross amount of overdue part	-	1,757,292	-	-	-	-
- Impairment (-)	-	(1,757,292)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by ignoring received guarantees during the assessment of credibility.

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NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(d) Credit risk (cont'd)

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired are analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms is as follows:

	31 December 2014	31 December 2013
Less than 1 month	17.947.803	16.933.054
Between 1-3 months	15.332.328	5.505.250
Between 3-12 months	1.281.817	1.509.887
	34.561.948	23.948.191

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents.

As of 31 December 2014 and 2013 Net debt/(Equity+net debt+non-controlling interest) ratio is:

	1 January- 31 December 2014	1 January- 31 December 2013
Total financial liabilities	557.179.367	413.506.782
Cash and cash equivalents	(13.677.842)	(52.468.112)
Net debt	543.501.525	361.038.670
Equity	886.720.375	878.087.365
Non-controlling interests	200.100.178	170.610.241
Equity+net debt+non-controlling interest	1.630.322.078	1.409.736.276
Net debt/(Equity+net debt+non-controlling interest) ratio	33%	26%

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NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Methodology and assumptions used for determining fair value of the financial instruments are as follows:

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

31 December 2014 Financial assets	Loans and receivables (cash and cash equivalents included)	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	Carrying value (*)	Note
Cash and cash equivalents	13.677.842	-	-	-	13.677.842	4
Trade receivables	270.627.898	-	-	-	270.627.898	7
Receivables from related parties	12.891.559	-	-	-	12.891.559	27
Financial investments	-	285.638	-	-	285.638	5
Other financial assets (**)	3.682.795	-	-	-	3.682.795	8
Derivative financial instruments	-	-	-	1.875.061	1.875.061	

Financial liabilities

Borrowings	-	-	557.179.367	-	557.179.367	6
Trade payables	-	-	153.404.314	-	153.404.314	7
Payables to related parties	-	-	3.517.840	-	3.517.840	27
Other financial liabilities (**)	7.242.532	-	-	-	7.242.532	8

31 December 2013 Financial assets	Loans and receivables (cash and cash equivalents included)	Available for sale investments	Financial liabilities at amortized cost	Derivative financial instruments	Carrying value (*)	Note
Cash and cash equivalents	52.468.112	-	-	-	52.468.112	4
Trade receivables	249.900.127	-	-	-	249.900.127	7
Receivables from related parties	2.821.961	-	-	-	2.821.961	27
Financial investments	-	285.022	-	-	285.022	5
Other financial assets (**)	3.449.594	-	-	-	3.449.594	8

Financial liabilities

Borrowings	-	-	413.506.782	-	413.506.782	6
Trade payables	-	-	154.933.960	-	154.933.960	7
Payables to related parties	-	-	5.310.429	-	5.310.429	27
Other financial liabilities (**)	-	-	13.487.201	-	16.264.576	8

(*) The Group believes that the carrying values of the financial instruments approximate their fair values.

(**) Excludes tax and other legal receivables and payables.

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NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates to TL, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since, long term foreign currency loans generally have floating rate, fair value is close to their book value. Fair value of long term bank loans are discounted amounts of contractual cash flows with the market interest rate (Note 6).

Fair value estimation

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

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NOTE 30 - FINANCIAL INSTRUMENTS (cont'd)

Fair value estimation (cont'd)

Fair value hierarchy of financial assets and liabilities:

Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below is the detail on how the fair value of the financial assets and liabilities aforementioned are determined:

Financial Assets / Financial Liabilities	Fair value		Fair value hierarchy	Valuation technique
	31 December 2014	31 December 2013		
Foreign Currency forward contracts	1.875.061	-	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.

NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets held for sale comprise of the land in possession of Nile Kordsa Company for Industrial Fabrics S.A.E., one of the subsidiaries of the Group.

During the accounting of losses from the disposal of Kordsa Argentina S.A., a subsidiary of the group, Kordsa Argentina's portion of the Shareholders' Contribution amounting to TL 68.771.657 that arise during the mergers in 2006 is utilized. In addition, accumulated currency translation reserve of Kordsa Argentina S.A. which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 15.715.494 is included in the current year profit. During the liquidation of Kordsa Qingdao Nylon Enterprise ("KQNE"), accumulated currency translation reserve which is calculated in the consolidated financial statements and accounted for under equity, amounting to TL 10.981.805 is included in the current year profit. In the profit or loss statement, TL (2.412.069) of TL 5.692.803 is loss arising from liquidation of Kordsa Argentina S.A. and the TL (3.285.923) is the loss for the first nine months period of the entity. Remaining balance amounting to TL 11.390.795 is the currency translation difference arising from the liquidation of KQNE.

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NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

Operational results of Kordsa Argentina for the period 1 January - 30 September 2014 and 1 January - 31 December 2013 are as follows:

	1 January- 30 September 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales	16.208.973	13.145.699
Cost of Sales (-)	(5.759.619)	(4.009.225)
GROSS PROFIT	10.449.354	9.136.475
Marketing Expenses (-)	(3.081.153)	(3.437.002)
General and Administrative Expenses (-)	(2.841.449)	(3.621.288)
Research and Development Expenses (-)		
Other Operating Income	2.590.756	4.299.758
Other Operating Expenses (-)	(8.144.292)	(6.614.330)
OPERATING LOSS	(1.026.784)	(236.387)
Income From Investing Activities	290.687	590.714
Expenses From Investing Activities (-)	(6.582)	(35.648)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	(742.679)	318.679
Financial Income		
Financial Expenses (-)	(2.543.244)	(3.071.742)
LOSS BEFORE TAX	(3.285.923)	(2.753.063)
LOSS FOR THE PERIOD	(3.285.923)	(2.753.063)

Operational results of KQNE for the period 1 January - 30 November 2014 and 1 January - 31 December 2013 are as follows:

	1 January- 30 November 2014	1 January- 31 December 2013
PROFIT OR LOSS		
Sales	-	-
Cost of Sales (-)	-	-
GROSS PROFIT	-	-
Marketing Expenses (-)	(263.350)	(530.253)
General and Administrative Expenses (-)	(492.559)	(1.152.148)
Research and Development Expenses (-)		
Other Operating Income	5.569	3.527
Other Operating Expenses (-)	-	-
OPERATING LOSS	(750.340)	(1.678.874)
Income From Investing Activities	290.855	360.219
Expenses From Investing Activities (-)	(11.492)	(11.939)
OPERATING LOSS BEFORE FINANCIAL EXPENSE	(470.977)	(1.330.594)
LOSS BEFORE TAX	(470.977)	(1.330.594)
Tax Expense:		
- Current Tax Expense	(10)	(8)
- Deferred Tax Income/ (Expense)	411	335
LOSS FOR THE PERIOD	(470.576)	(1.330.267)

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NOTE 32 – EVENTS AFTER THE REPORTING PERIOD

Within the extent of "Advanced Materials and Composit Cooperation" studies with Sabancı University and its affiliates, Board of Directors of the Group;

Budgeted TL 65 Million for the construction and installation of the Composit Technologies Excellence Center with 10.000 squaremeters indoor space in Teknopark İstanbul A.Ş. (Istanbul Technology Development Zone).

An Investment Incentive Certificate for TL 36 Million has been obtained from Ministry of Economic Affairs on 4 December 2014 for the center mentioned above. In accordance with the certificate, the project, which is in the scope of "priority investment", is going to benefit from 5th region incentives. The project is planned to be realized during the first half of 2016.

The opening for the approximately USD 100 Million investment in PT Indo Kordsa Tbk and PT Indo Kordsa Polyester, subsidiaries of the Group, took place on 6 January 2015. With this investment, Indo Kordsa operation became the largest foreign investment of Kordsa Global, reaching 24.000 tons of Nylon 66 yarn, 39.000 tons of high resistance polyester yarn (HMLS) and 42.000 tons of cord fabric capacity.

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